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Customer Information
Overall Resale Figures
Exchange, Comstore Sales
Annual System Reports
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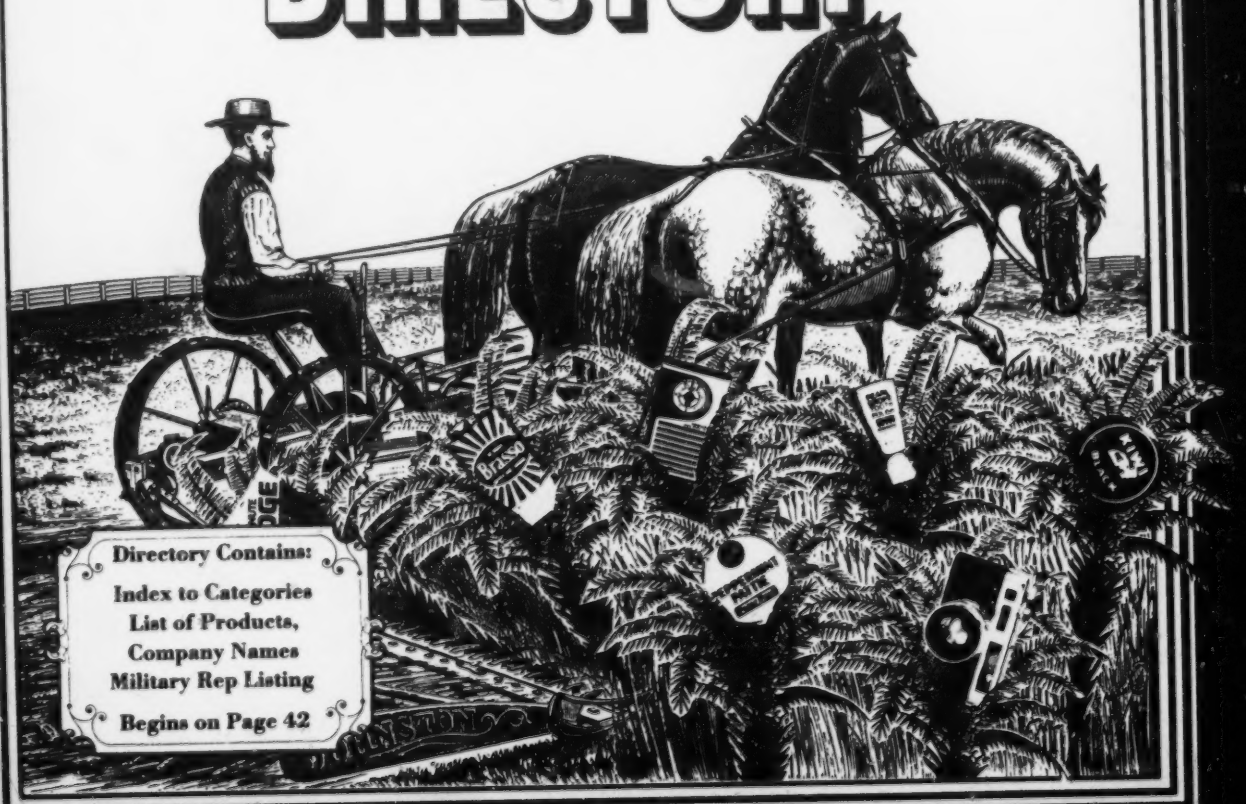
Military Market

MAGAZINE FOR THE MILITARY RETAIL SYSTEM ARMY TIMES PUBLISHING COMPANY JULY 1980 $2.50

ALMANAC AND DIRECTORY



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ARMY TIMES PUBLISHING COMPANY
JULY 1980
VOLUME 31 NO. 7

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Execution by Miriam MacPherson

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MILITARY MARKET (COMEX)
(USPC 911-580)

Military Market INDEX

COMMISSARY SYSTEMS SALES[1] (x$1,000)

		MARCH			YEAR-TO-DATE		
		CY '80	CY '79	CHANGE	CY '80	CY '79	CHANGE
Air Force	CONUS	112,619	120,250	-6.4	337,172	326,513	+3.3
	Overseas	23,385	22,881	+2.2	68,366	62,497	+9.4
	Total	135,904	143,131	-5.0	405,540	389,010	+4.2
Army	CONUS	85,800	90,018	-4.7	254,072	240,475	+5.6
	Overseas	26,896	25,324	+2.3	76,858	71,748	+7.1
	Total	111,695	115,342	-3.2	330,928	312,223	+6.0
Navy	CONUS	46,426	48,112	-5.6	135,076	130,377	+3.6
	Overseas	6,617	6,756	-2.4	18,185	17,461	+4.6
	Total	53,043	54,868	-5.2	151,293	145,838	+3.7
Marines	CONUS	10,199	10,376	-1.7	27,895	26,679	+4.6
	Overseas	154	167	-7.8	429	456	-5.9
	Total	10,353	10,543	-1.8	28,324	27,132	+4.4
Coast Guard	CONUS	461	492	-2.2	1,340	1,342	-0.2
	Overseas	128	136	-4.4	388	370	+4.9
	Total	610	627	-2.7	1,728	1,712	+0.9
All Commissaries	CONUS	254,424	269,248	-5.5	755,577	725,383	+4.2
	Overseas	65,181	64,263	+1.7	162,236	150,552	+7.8
	Total	309,605	323,511	-4.3	917,813	875,935	+4.8

Individual figures may not add to totals due to rounding.

Sales include appropriate surcharges.

EXCHANGE SYSTEMS SALES[1] (x$1,000)

		MARCH			YEAR-TO-DATE		
		CY '80	CY '79	CHANGE	CY '80	CY '79	CHANGE
AAFES	CONUS						
	Overseas						
	Total [2]						
Navy [3]	CONUS						
	Overseas						
	Total						
Marines	CONUS						
	Overseas						
	Total						
Coast Guard [4]	CONUS						
	Overseas						
	Total						
All Exchanges	CONUS						
	Overseas						
	Total						

Individual figures may not add to totals due to rounding.

Sales include commissary surcharge.

Including [illegible] sales of $1,240,000 for March [illegible] and $2,420,000 for March 1979.

[illegible]

MM estimates based upon the [illegible]

wenty-first annual statistical review of the military resale market.

THE MILITARY MARKET

COMPENSATION

THE RESALE SYSTEMS

POPULATION OF THE MILITARY COMMUNITY

(As of June, 1979)

RESERVISTS		
Reservists in Paid Status	797,919	7.2%
Spouses of Reservists	497,309	4.5%
Children of Reservists	588,659	5.3%
Total Reservists	1,883,857	17.0%
RETIREES		
Retired Military	1,301,484	11.8%
Spouses of Retired Military	1,212,012	10.9%
Other Dependents of Retirees	1,686,309	15.2%
Total Retirees	4,199,805	37.9%
ACTIVE DUTY		
Active Duty Military	2,082,229	18.8%
Spouses of Active Duty Military	1,128,348	10.2%
Other Dependents of Active Duty Military	1,803,125	16.3%
Total Active Duty	5,013,702	45.1%
GRAND TOTAL	11,077,364	100.0%

The resale systems' potential customer pool during 1979 was comprised of over 11 million people in the active duty, retired and reservist categories. By the end of last year there were more than 800,000 reservists, while women on active duty numbered almost 157,000, or close to eight percent of the active duty military forces.

RESERVE FORCES STRENGTH

ARMY NATIONAL GUARD	
Officers	35,807
Enlisted	313,354
Total	349,161
ARMY RESERVE	
Officers	35,361
Enlisted	155,798
Total	191,159
NAVAL RESERVE	
Officers	16,359
Enlisted	70,839
Total	87,198
MARINE CORPS RESERVE	
Officers	2,409
Enlisted	30,651
Total	33,060
AIR NATIONAL GUARD	
Officers	11,610
Enlisted	81,801
Total	93,411
AIR FORCE RESERVE	
Officers	12,900
Enlisted	43,971
Total	56,871
DEPARTMENT OF DEFENSE RESERVE FORCES (Total)	
Officers	114,446
Enlisted	696,414
GRAND TOTAL	810,860

As of December 31, 1979

WOMEN IN ACTIVE DUTY MILITARY SERVICE*

CATEGORY	CY 1979[1]	CY 1978[2]	CY 1977[3]	CY 1976[4]	CY 1975[5]
Officers	19,241	16,965	15,292	14,169	13,590
Enlisted and Officer Candidates	137,610	119,737	103,674	97,584	83,272
Total	156,851	136,702	118,966	111,753	96,862
Percent of Total DoD Active Duty Military Personnel	7.8%	6.7%	5.7%	5.4%	4.6%

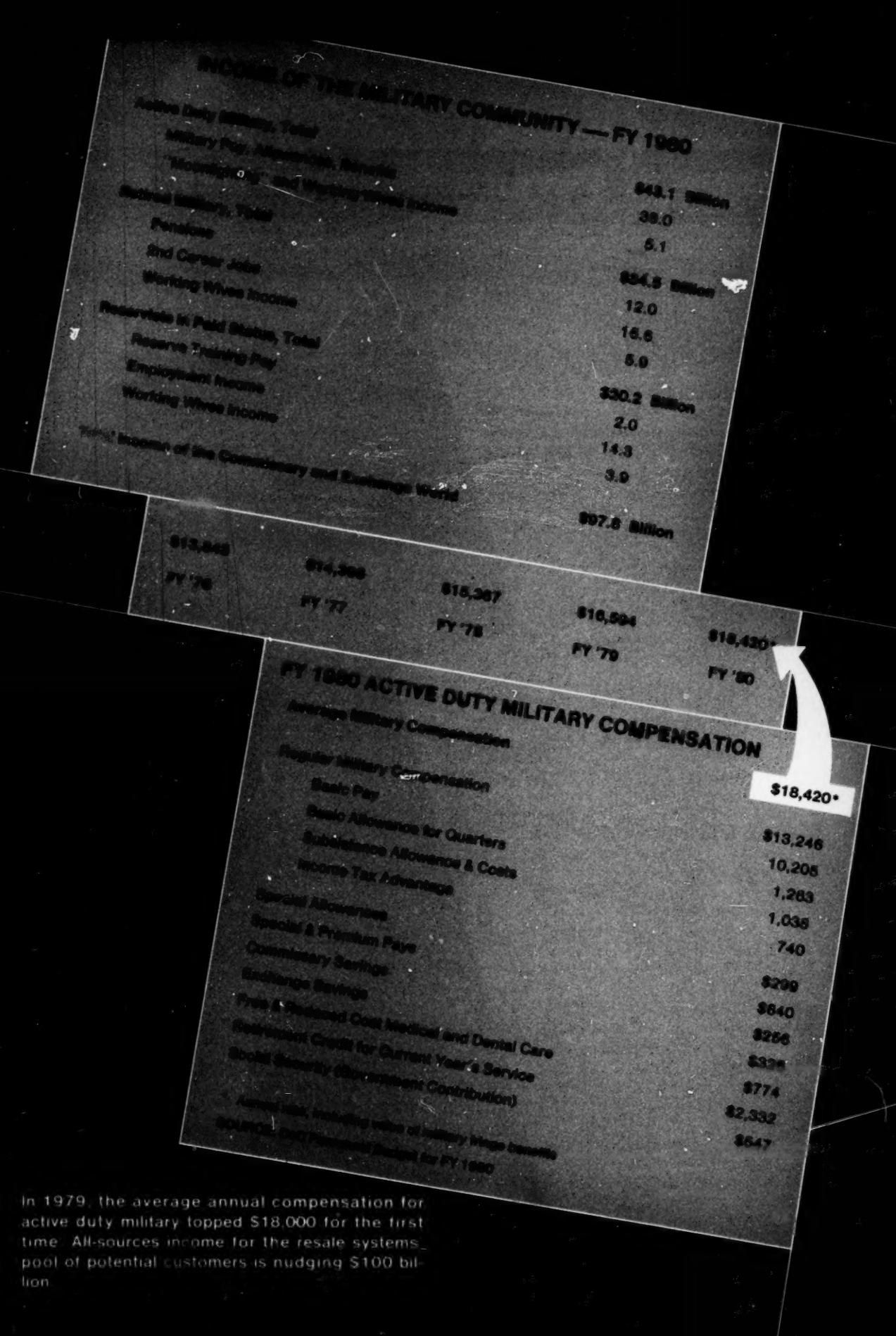
*Does not include Coast Guard (1) As of December 31, 1979 (2) As of December 31, 1978 (3) As of September 30, 1977 (4) As of September 30, 1976 (5) As of June 30, 1975

Officers make up 13.6 percent of active duty military, enlisted personnel 85.7 percent, and cadets and midshipmen a fractional 0.7 percent of all active duty personnel.

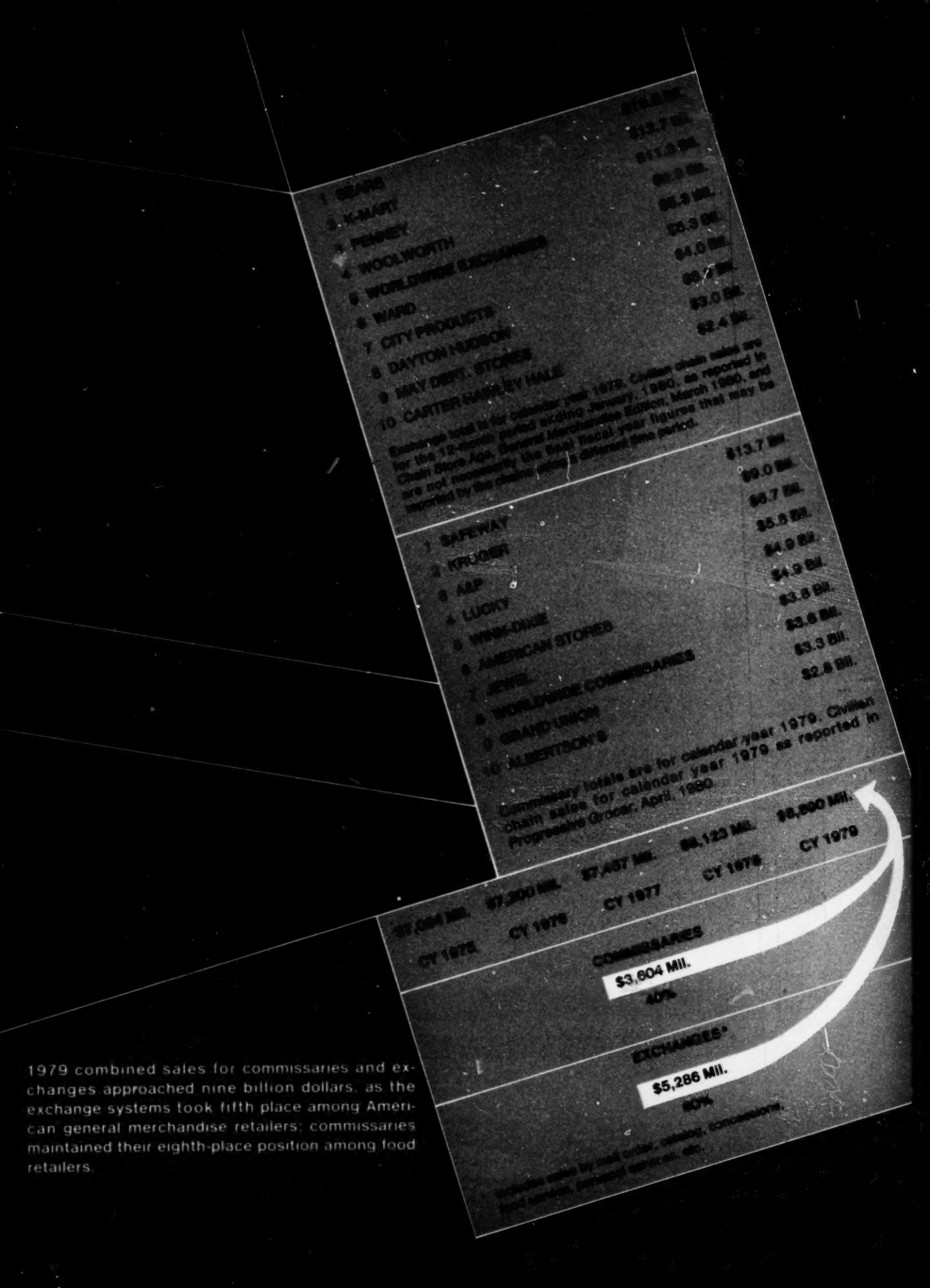
ACTIVE DUTY MILITARY PERSONNEL
BY RANK AND SERVICE
AS OF SEPTEMBER 30, 1979

Rank	SERVICE						
	Army	Navy	Marine Corps	Air Force	Total DoD	Coast Guard*	Total All Services
Officers							
O-7 - O-10	420	261	66	360	1,107	28	1,135
O-6	4,427	3,645	591	5,148	13,811	330	14,141
O-5	11,089	7,560	1,511	12,598	32,758	616	33,374
O-4	16,025	11,960	2,705	18,101	48,791	894	49,685
O-3	26,328	17,520	4,746	37,180	85,774	1,399	87,173
O-2	13,087	9,592	4,452	9,456	36,587	944	37,531
O-1	12,988	8,908	2,965	13,291	38,152	697	38,849
Warrant Officers	13,017	2,938	1,193	1	17,149	1,438	18,587
Total Officers	97,381	62,384	18,229	96,135	274,129	6,346	280,475
Enlisted Personnel							
E-9	3,730	3,353	1,253	4,540	12,876	305	13,181
E-8	12,673	8,345	3,018	8,886	32,922	480	33,402
E-7	45,544	30,266	8,465	33,179	117,454	2,645	120,099
E-6	71,977	65,012	12,749	51,989	201,727	5,080	206,807
E-5	114,312	79,615	21,580	99,842	315,349	5,129	320,478
E-4	168,591	95,341	25,598	102,624	392,154	6,393	398,547
E-3	109,109	87,050	44,764	99,286	340,209	4,873	345,082
E-2	50,008	46,987	25,840	28,315	151,150	4,466	155,616
E-1	81,240	41,133	23,754	30,292	176,419	2,042	178,461
Total Enlisted	657,184	457,102	167,021	458,953	1,740,260	31,413	1,771,673
Cadets & Midshipmen	4,287	4,451	—	4,367	13,105	800	13,905
GRAND TOTAL	**758,852**	**523,937**	**185,250**	**559,455**	**2,027,494**	**38,559**	**2,066,053**

* The Coast Guard is part of the Department of Transportation. All other data is from the Department of Defense.

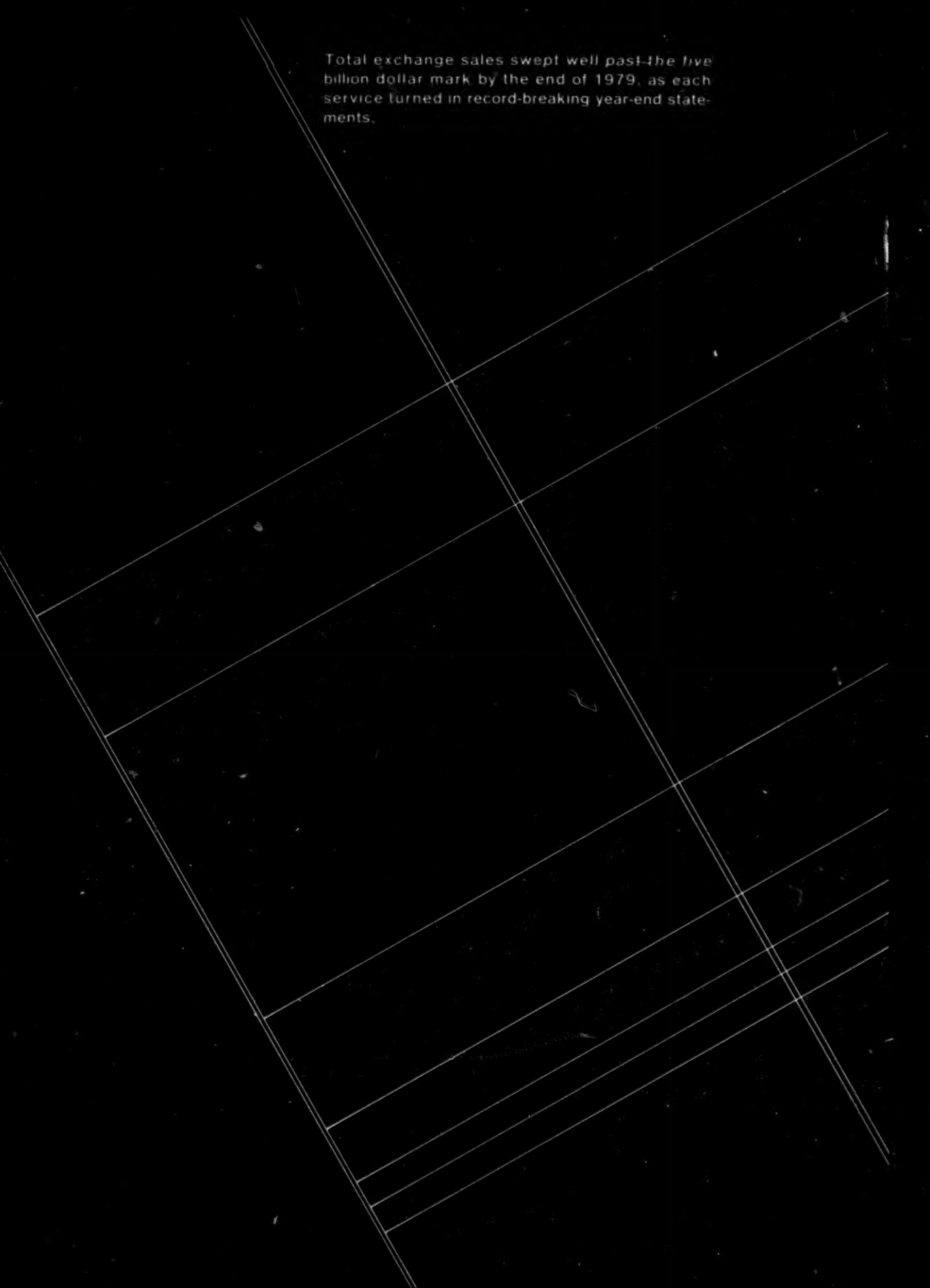


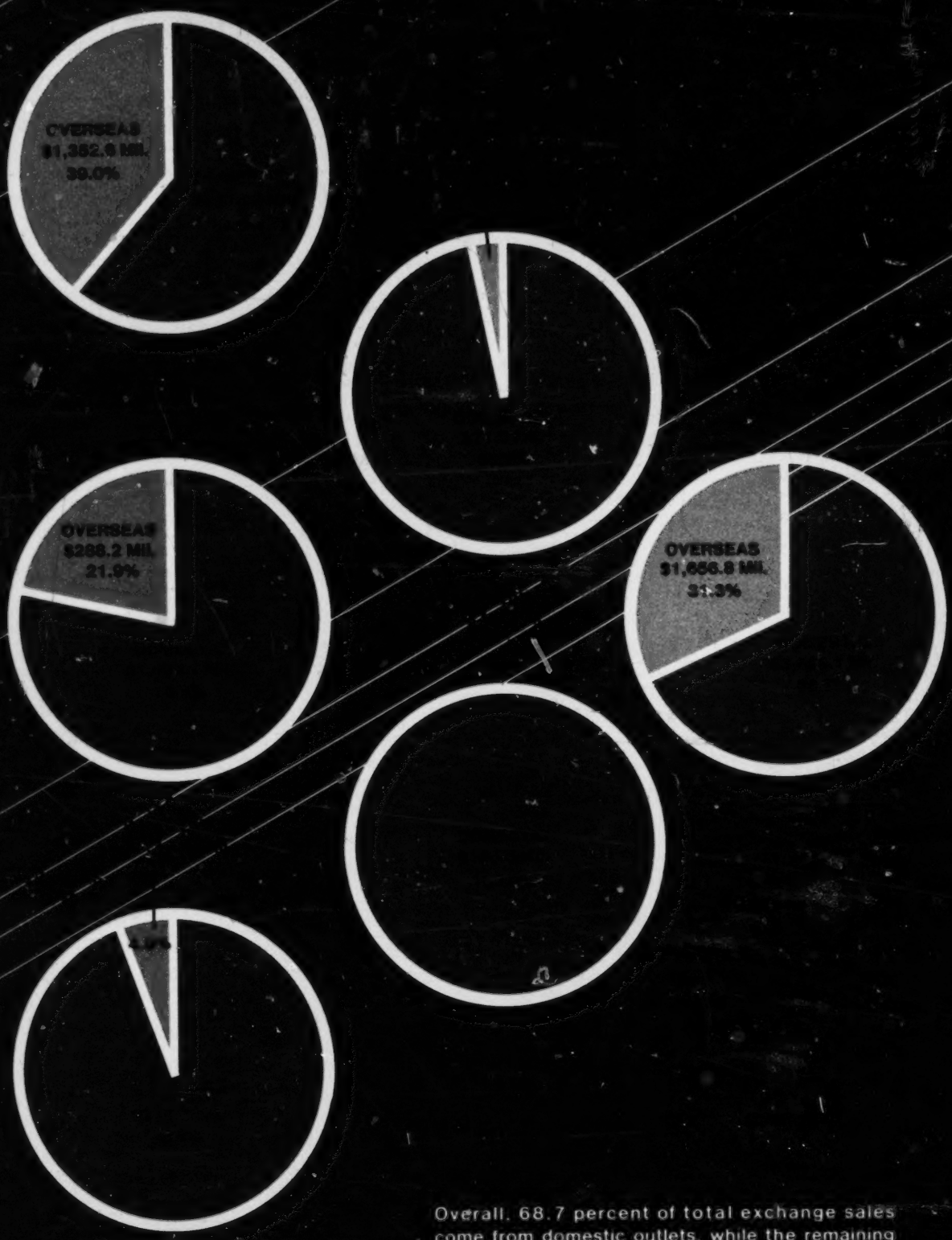
In 1979, the average annual compensation for active duty military topped $18,000 for the first time. All-sources income for the resale systems pool of potential customers is nudging $100 billion.


1 SEARS
2 K-MART
3 PENNEY
4 WOOLWORTH
5 WORLDWIDE EXCHANGES
6 WARD
7 CITY PRODUCTS
8 DAYTON HUDSON
9 MAY DEPT. STORES
10 CARTER HAWLEY HALE
Exchange total is for calendar year 1979. Civilian chain sales are for the 12-month period ending January, 1980, as reported in Chain Store Age, General Merchandise Edition, March 1980, and are not necessarily the final fiscal year figures that may be reported by the chains within a different time period.
1 SAFEWAY
2 KROGER
3 A&P
4 LUCKY
5 WINN-DIXIE
6 AMERICAN STORES
7 JEWEL
8 WORLDWIDE COMMISSARIES
9 GRAND UNION
10 ALBERTSON'S
Commissary totals are for calendar year 1979. Civilian chain sales for calendar year 1979 as reported in Progressive Grocer, April, 1980
$7,604 Mil.
$7,200 Mil.
$7,457 Mil.
$8,123 Mil.
$8,890 Mil.
CY 1975
CY 1976
CY 1977
CY 1978
CY 1979
COMMISSARIES
$3,604 Mil.
40%
EXCHANGES*
$5,286 Mil.
60%
*Includes sales by mail order, catalog, concessions, food service, personal services, etc.

1979 combined sales for commissaries and exchanges approached nine billion dollars, as the exchange systems took fifth place among American general merchandise retailers; commissaries maintained their eighth-place position among food retailers.

Total exchange sales swept well past the five billion dollar mark by the end of 1979, as each service turned in record-breaking year-end statements.

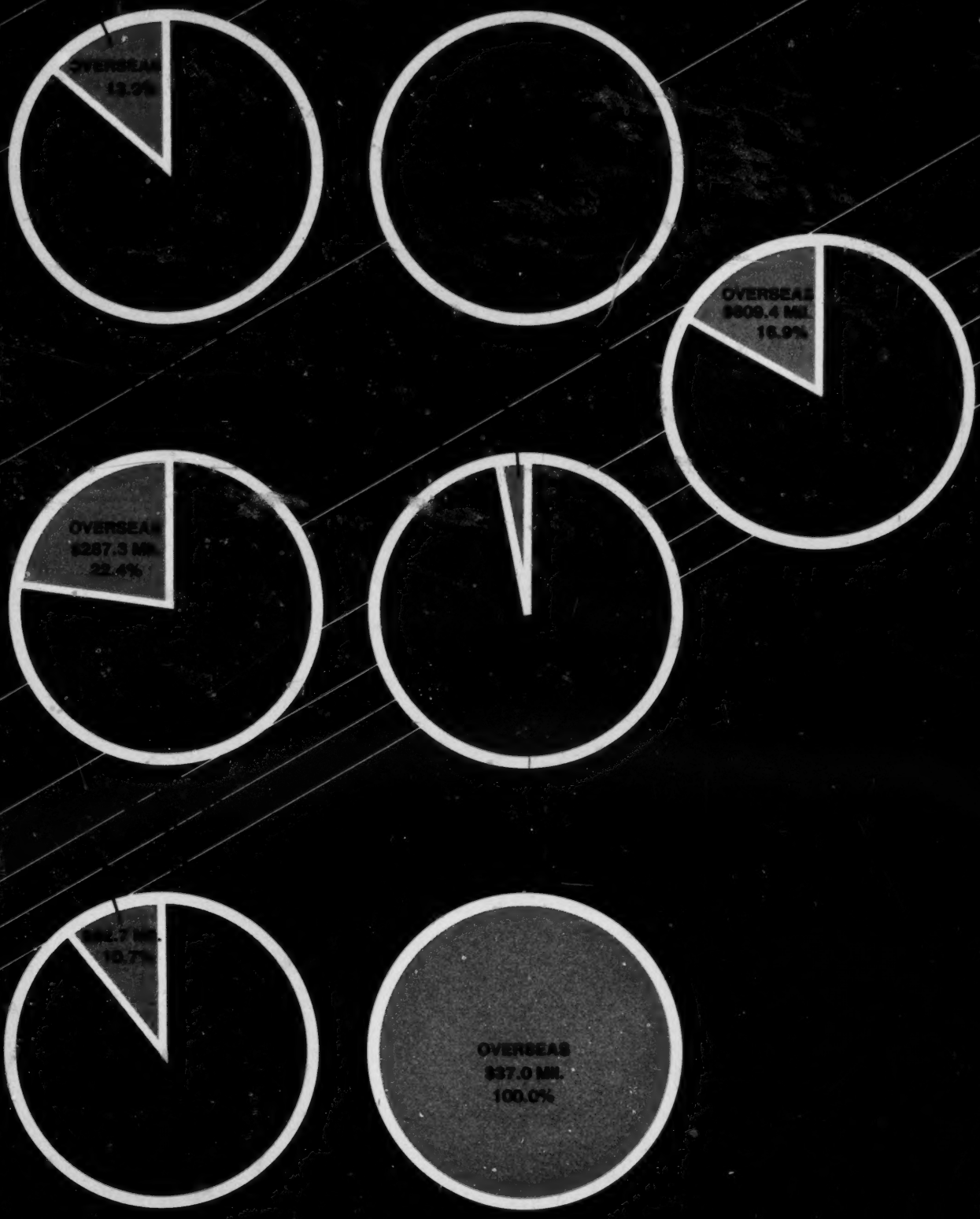




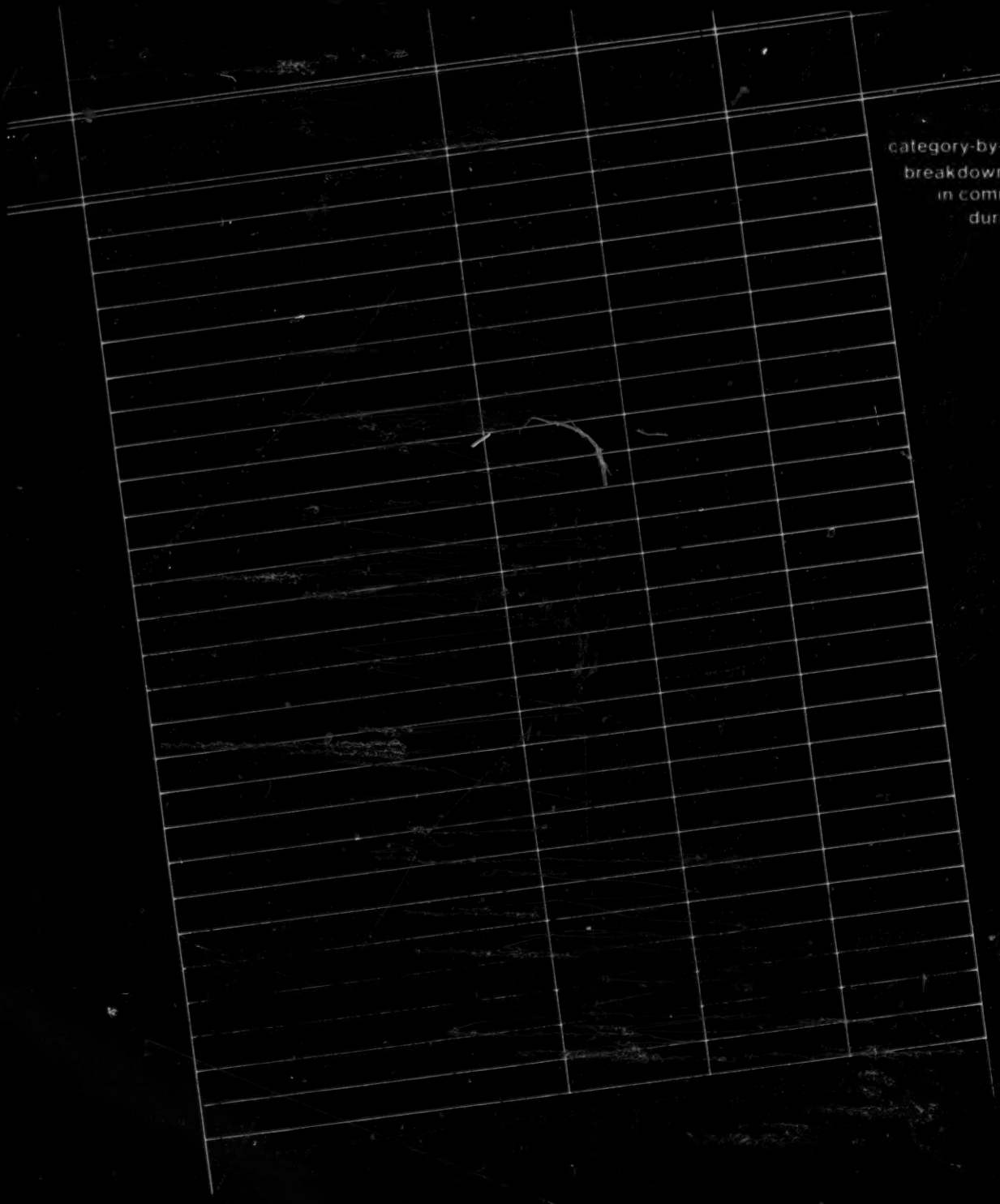
Overall, 68.7 percent of total exchange sales come from domestic outlets, while the remaining 31.3 percent of sales originate abroad.

Retail departments accounted for 70.7 percent — $3.7 billion — of exchanges $5.3 billion total sales.

By the end of 1979, commissaries had taken a hefty jump toward the four billion dollar point.



The overwhelming majority of commissary sales — 83.1 percent, or $3.0 billion — come from domestic stores. Only 16.9 percent of sales originate in overseas outlets.



Here's a category-by-category breakdown of sales in commissaries during 1979.

The numbers prove what resale experts have long known — commissaries do "more with less" than civilian supermarkets.

COMPARATIVE OPERATING RATIOS — 1978
DOMESTIC COMMISSARIES VS. CIVILIAN SUPERMARKETS

(At cash register prices: No adjustments made for lower commissary price levels)

OPERATING RATIO	ARMY COMMISSARIES	AIR FORCE COMMISSARIES	NAVY COMMISSARIES	COMBINED 3 SERVICES	CIVILIAN SUPERMARKETS

Marine Corps Commissaries

Marine Commissaries:
Address:
Headquarters, Marine Corps
Installations & Logistics Dept. (LFS-1)
Washington, D.C. 20380
Telephone:
202-694-8616

The major goal of the Marine Corps commissary store system for the remainder of 1980 is to continue monitoring and evaluating the new West Coast Commissary Complex at MCAS, El Toro, Calif.

The complex was implemented in October 1979, and has progressed significantly, despite start-up problems that hindered the initial phase. Effective centralized management and distribution has been made possible through the use of an automated system for the five commissary stores located in California and Arizona.

Realignment of the Central Distribution Center warehouse is complete, and merchandise in the El Toro commissary store has been supplied by the system during the initial stages, with an in-stock rate in the mid 90 percent range and improving. The implementation date for central distribution service to MCB, Camp Pendleton and the San Onofre Annex is early June 1980, with the remainder of the stores to follow in July.

Both customer convenience and employee productivity continue to hold high priority within the Marine Corps commissary program. In the area of customer convenience, a number of exciting construction and facility improvement projects are in the works for FY81.

Bids have been received and contracts awarded for the construction of commissary stores at MCRD Parris Island, S.C., and MCAS Cherry Point, N.C. A new store at MCLB Albany, Ga. also has been designed and is scheduled for funding before the end of the year.

Both the main store and annex store improvement projects at MCB Camp Lejeune are 100 percent design complete. The estimated date of completion for these projects is March 1981.

Authority has been granted to proceed with preparations of plans and specifications for an improvement project at MCAS Kaneohe Bay, Hawaii, and the initial design phase for a new store at MCAS Iwakuni, Japan. The Marine Corps is confident that these capital asset, improvement and construction projects will enhance customer service.

The attached table represents commissary store sales data for fiscal year 1979 and a projected outlook for FY80. FY80 sales figures for the first quarter have been determined and an estimate of second quarter data is provided. (MM)

	Cost of Sales	Retail Sales
Fiscal Year 1979		
ConUS	$91,440,817	$96,482,164
Oseas	9,454,989	9,994,720
Total	100,895,806	106,476,884
Fiscal Year 1980 Projected		
ConUS	101,540,822	107,619,496
Oseas	9,859,178	10,380,504
Total	111,400,000	118,000,000
Fiscal Year 1980 1st Quarter (Final)		
ConUS	23,666,899	25,104,541
Oseas	2,440,852	2,584,826
Fiscal Year 1980 2d Quarter (Estimate)		
ConUS	24,435,337	27,335,894
Oseas	2,435,286	2,579,914

(Oseas figures include MCAS Kaneohe Bay, Hawaii, and MCAS Iwakuni, Japan.)

Veterans Canteen Service

VA Canteen:
Address:
Veterans Canteen Service
941 N. Capitol St.
Washington, D.C. 20421
Telephone:
202-275-1800

The Veterans Canteen Service is by statute an independent, self-supporting organization, financed by revenues generated from sales. It operates 174 retail stores and provides food and other service activities at each VA medical center for the comfort and well-being of the patients and members.

Canteen retail stores offer patients a wide selection of products for their convenience, entertainment, recreation, hygiene, grooming and leisure time use.

Food service facilities provide a convenient source for regular meals and refreshment snacks for patients' families, employees and volunteers.

Final sales for FY 1979 totaled $135,507,411, which has been utilized in FY 1980 to help offset increased salary costs, the impact of inflation on inventories and planned canteen improvements.

In the first six months of 1980, VCS sales show an increase of 9.14 percent over 1979.

Retail prices are generally maintained uniformly throughout all VA canteens. This policy results in some smaller canteens operating at a net loss, which is offset at larger, more profitable facilities. VCS is thus able to maintain an overall self-supporting program while providing a uniform level of merchandise and services to all hospitalized veterans.

Thus far in 1980, the VCS has embarked on several new projects and continues to make progress on the ones mentioned in MILITARY MARKET's January 1980 Outlook section.

Renovations and remodelings of canteen facilities continued during FY 1980, the most recent being the largest and most modern VCS retail store in Long Beach, Ca. In addition to providing necessary space for new equipment, merchandise and services, the remodeled areas have improved canteen accessibility for wheelchair and spinal cord injury patients through the removal of architectural barriers.

Retail shortages were reduced during FY 1979, but remain a big concern to the VCS. A test of an article production system is being initiated with hopes of further reduction of losses. (MM)

NOTE

ONLY THE FOLLOWING PAGES OF THIS PUBLICATION

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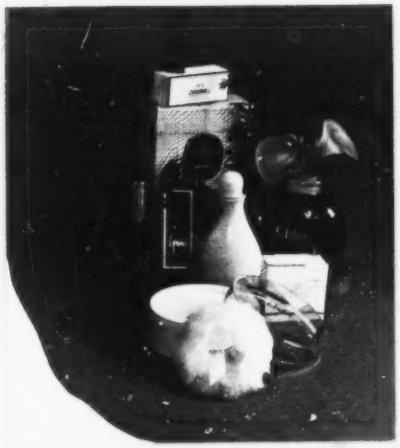

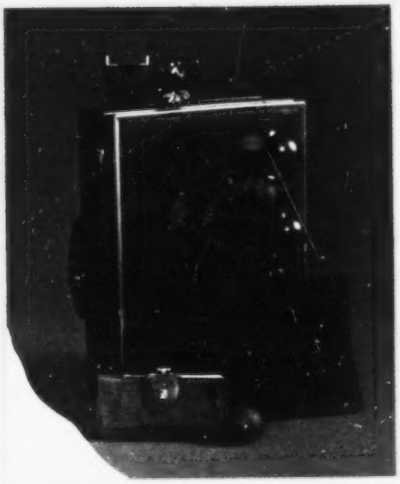

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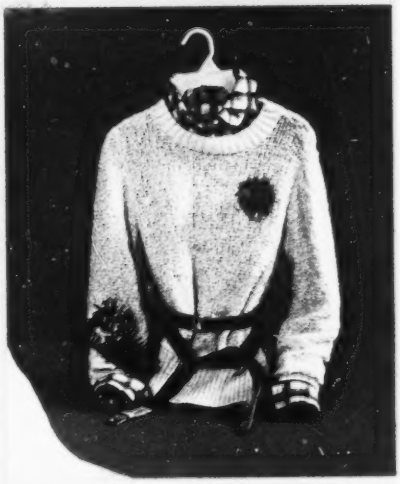

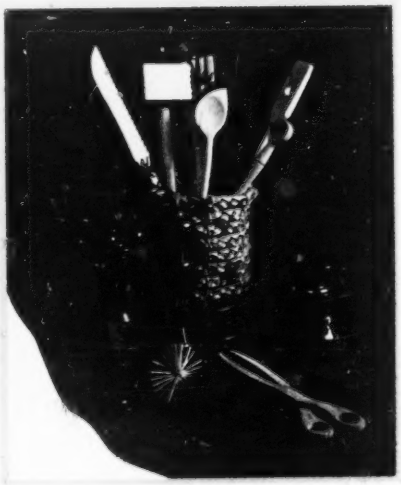

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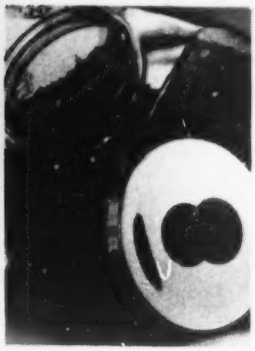
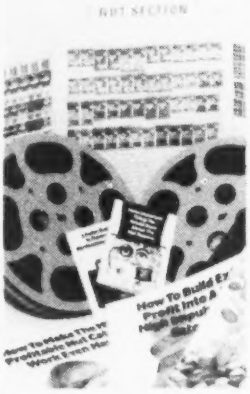


A 'COFFEE OPEC' LOOMS IN FUTURE
New multinational cartel portends ill for U.S. prices. **Page 14**

THE SHOW'S THE THING
Trudging the floors at the Bath, Bed & Linen, Consumer Electronics and Stationery buying shows. A 3-part special report. **Page 20**

LEISURE FOODS AREN'T LAZY
No recession in sight as the munch bunch keeps crunchin' candy, gum, nuts and snacks. **Page 30**



PREVIEW FOR A GREEN CHRISTMAS
Inflation's woes won't prevent Christmas from coming, but it will change purchasing patterns for popular categories. A 9-part preview of leading gift departments. **Page 42**

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Art by Garnett Sullivan

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Military Market INDEX

COMMISSARIES

		APRIL			YEAR-TO-DATE		
		CY'80	CY'79	% CHANGE	CY'80	CY'79	% CHANGE
AIR FORCE	CONUS	$117,366	$101,267	+15.9	$454,538	$427,780	+6.3
	OVERSEAS	24,060	19,327	+24.5	92,428	81,824	+13.0
	TOTAL	141,426	120,594	+17.3	546,966	509,604	+7.3
ARMY	CONUS	87,464	73,632	+18.8	341,536	314,107	+8.7
	OVERSEAS	27,456	24,544	+11.9	104,312	96,292	+8.3
	TOTAL	114,920	98,176	+17.1	445,848	410,399	+8.6
NAVY	CONUS	45,127	39,982	+12.9	180,225	170,359	+5.8
	OVERSEAS	5,580	4,598	+21.4	21,776	20,079	+8.4
	TOTAL	50,707	44,580	+13.7	202,001	190,438	+6.1
MARINES	CONUS	9,422	8,174	+15.3	37,317	34,850	+7.1
	OVERSEAS	149	141	+5.7	578	596	-3.0
	TOTAL	9,571	8,315	+15.1	37,895	35,446	+6.9
COAST GUARD	CONUS	402	406	-1.0	1,742	1,748	-0.3
	OVERSEAS	151	86	+75.6	539	457	+17.9
	TOTAL	553	492	+12.4	2,281	2,205	+3.4
ALL COMMISSARIES	CONUS	259,781	223,461	+16.2	1,015,358	948,844	+7.0
	OVERSEAS	57,396	48,696	+17.9	219,633	199,248	+10.2
	TOTAL	$317,177	$272,157	+16.5	$1,234,991	$1,148,092	+7.6
GROCERY STORES	U.S.	$16,734[3]bil.	$14,854[3]bil.	+12.7	$66,347[3]bil.	$59,451[3]bil.	+11.6

EXCHANGES

AAFES	CONUS	$185,192	$160,066	+15.7	$657,272	$587,698	+11.8
	OVERSEAS	134,400	117,452	+14.4	505,662	448,221	+12.8
	TOTAL	319,592	277,518	+15.2	1,162,934	1,035,919	+12.3
NAVY	CONUS	82,553[1]	69,637[1]	+18.6	286,412[1]	252,082[1]	+13.6
	OVERSEAS	31,947[1]	28,793[1]	+11.0	115,641[1]	108,138[1]	+6.9
	TOTAL	114,501[1]	98,430[1]	+16.3	402,053[1]	360,220[1]	+11.6
MARINES	CONUS	22,146	20,113	+10.1	82,900	76,296	+8.7
	OVERSEAS	3,528	3,131	+12.7	13,066	11,489	+13.7
	TOTAL	25,674	23,244	+10.4	94,966	87,785	+8.2
COAST GUARD	CONUS	4,452[2]	4,778[2]	-6.8	17,256[2]	17,445[2]	-1.1
	OVERSEAS	562[2]	603[2]	-6.8	2,176[2]	2,201[2]	-1.1
	TOTAL	5,014[2]	5,381[2]	-6.8	19,432[2]	19,646[2]	-1.1
ALL EXCHANGES	CONUS	294,343	254,594	+15.6	1,043,840	933,521	+11.8
	OVERSEAS	170,437	149,979	+13.6	636,545	570,049	+11.7
	TOTAL	$464,781	$404,573	+14.9	$1,679,385	$1,503,570	+11.7
DEPARTMENT STORES	U.S.	$6,956[3]bil.	$6,708[3]bil.	+3.7	$24,785[3]bil.	$22,925[3]bil.	+8.1

Individual figures may not add to totals, due to rounding. All sales are expressed in millions (add 000), except for grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges, and exchange sales include concession volume and mail order sales.

[1] Does not include sales of ship stores.

[2] MM estimate, based upon official data.

[3] Source: U.S. Department of Commerce.

Beverage Barons Keep Market Fluid

By Donna J. O'Neal

First Colony has a line of 15 flavored teas, all of which have an orange pekoe tea leaf base. Flavors include: mint, orange and spice, cinnamon and spice, ginger, wild cherry, apple, strawberry and almond.

The beverage market remains lively, with prices as fluid as the items themselves. One thing's for sure, though. People keep right on drinking. So beverage companies make concerted efforts to capture a share of coffee, tea and cocoa sales.

COFFEE PRICES ARE GOING DOWN.

But a new factor in the market may force prices right back up again. In short, the coffee situation continues to be fluid.

The volatile nature of prices has been the big news in the coffee business for the last five years.

While new products are on the horizon, consumption patterns are on a gentle upward incline and crops have fared well, price remains the leading issue in the business.

And now there is a major trading group — a "coffee OPEC" — that wants to make sure that coffee bean prices don't become a secondary issue.

The group — Pan Cafe, S.A. — is made up of businessmen from several major coffee-producing nations and supported by the governments of those countries. In typical OPEC style, the group has managed to prop up once wildly swinging green coffee bean prices. The result has been that supply and demand can't be counted on to dictate the price of the commodity. Pan Cafe, S.A., is hoping to do that.

"This group makes a lot of roasters unhappy because they find it difficult to take advantage of price valleys that generally occur in an unpropped-up market," an industry spokesman told MILITARY MARKET. "But they are protecting themselves just as farmers protect themselves in this country. This is the only way they have been able to get the price supports they feel they need," he said.

For the time being, however, some wholesale prices are going down.

For example, in early July several companies announced price reductions for both ground and instant coffee products. Procter and Gamble announced a wholesale price decrease of 15 cents per pound on vacuum-packed Folgers and two cents per ounce on Instant Folgers. And the wholesale price of Folger's Flaked coffee was lowered 12 cents for the 13-ounce jar. The company's new High Point decaffinated coffee was unaffected.

The price reductions extended to retailers were the result of a drop in the prices of green coffee beans. Thus it was passed along.

General Food's Maxwell House coffee products were reduced 15¢ per pound for ground and 2¢ an ounce for instant, as were P&G's. Other companies made the same move.

This most recent price decrease basically neutralized price hikes that were incorporated in late May and early June by various coffee processors. "We still are riding the wave of the coffee commodity market," one coffee processor's spokesman told MILITARY MARKET. The price is virtually impossible to predict."

The spokesman added that even though Pan Cafe's efforts have been to keep prices up, "There still is a difference between what they would like to do and what actually is happening."

The Defense Personnel Support Center's costs for coffee had reflected the upward trend in the market that occurred this spring. On the 8th of May the center pur-

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Coffee Sales By Type

Market Share by Form	1976	1977	1978	1979
Regular	70.7%	64.6%	67.5%	66.4%
Soluble	29.3%	35.4%	32.5%	33.6%
Decaffeinated	13.5%	13.8%	12.2%	14.4%
Mixtures	0.7%	1.7%	2.9%	2.1%

Source: International Coffee Organization

COFFEE PER CAPITA CONSUMPTION

	Cups per person per day			Change as a percentage	
	1975	1978	1979	1975-1979	1978-1979
10-19	0.33	0.22	0.18	-45	-18
20-29	1.75	1.49	1.36	-22	-9
30-59	3.32	2.93	3.24	-2	+11
60+	2.60	2.47	2.36	-9	-4

This table shows that since 1975 the most significant decrease in consumption has occurred in the group aged 10-19 years, followed by the group aged 20-29 years. This chart also reflects a change in polling style, occurring in 1976, from personal to telephone interviews.

Source: International Coffee Organization

chased the two-pound cans of coffee at $2.50 per pound, three-pound cans for $2.46 a pound and the 20-pound can for $2.42 a pound. By June 13, these prices had risen to $2.57 for the two-pound can, $2.55 for the three-pound can and $2.51 for the 20-pound containers. Prices for these items probably will be down again by the time this article is read.

Are such price changes significant for the Center, which supplies Troop Issue coffee for the entire military? You bet. The center purchases 600,000 pounds of coffee a month. A penny increase on a pound of coffee, thus, translates into a cost change of $6000. The eight-cent average price increase from May to June 1980 that occurred meant that the center had to dole out an additional $48,000 for the one-month's purchase, as compared to the previous month.

So while Pan Cafe is not yet OPEC, its existence is a thorn in the side of such major buying centers as DPSC. It's probably here to stay because of the government support offered by many of the countries involved, along with a huge cache of cash the organization has at its disposal.

Sipping Stops Slipping

Even though supply and demand have become secondary factors to traders because of price manipulation, these issues remain important to retailers. At this time, supplies are good and demand is up.

The most recent National Coffee Drinking Survey, conducted by the International Coffee Organization in 1979, shows that per capita consumption increased to 2.06 cups per day per American over 10 years of age. In 1978, that figure was 1.97 cups per day. In 1977, "a disastrous year," according to a National Coffee Association spokesman, the per capita consumption level was a mere 1.94 cups per person a day.

While lots of factors are behind this per capita consumption increase, company competition stands out as the big one.

General Foods Co. and Procter & Gamble have made major advertising and promotion investments to back their various coffee lines over the last couple of years. Along the way, P&G's Folger's surpassed General Food's Maxwell House, as the overall coffee market leader. By the end of 1978, Folger's had garnered a 27 percent market share, compared with 23 percent for Maxwell House.

One reason for P&G's surge was the expansion of Folger's vacuum-packed coffee into the Northeast section of the country — an area that General Foods' Maxwell House traditionally had dominated. The economical Folger's Flaked coffee also was expanded to additional market areas, with the result that the company began to lead the $4 billion national market.

General Foods' coffee sales totaled $2.1 billion in 1978, led by the Maxwell House line. The various brands of the company accounted for about 33 percent of the market, and the regular coffee items lined up like this: Maxwell House 22.3% share;

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Sanka, 2%; Yuban, 2%; Max-Pax & Brim, 3.5%, and Mellow Roast 1.8%.

In the instant market, in 1978, Maxwell House had a 24% share; Sanka, 10%; Maxim, 4%; Yuban, 1.3%; freeze-dried Sanka, 2.5%; Brim, 3% and Mellow Roast, 3.5%.

Both P&G and General Foods have introduced an economy line of coffee, which is supposed to offer more coffee per scoop. Hills Brothers has a smiliar entry, High Yield, now being tested in three different grinds, the most popular of which is an all-purpose grind. General Foods also is testing an economy line in three grinds. P&G meanwhile continues to back its Folger's Flaked coffee.

Freeze-dried coffee also has gained popularity with the public. The leading brand, Nestle's Taster's Choice, is outselling the next leading brand by a two-to-one margin, according to an *Advertising Age* report. To keep Taster's choice the buyer's choice, Nestle introduced single-serving packets of the coffee, so that customers of prepared food outlets can sip the brew.

Hot Ch'a

Ch'a is what the Canton Chinese termed the fragrant potent substance we call tea. Tea drinking experienced a surge in the mid seventies as coffee prices soared. Now that consumption has flattened out, producers are relying on such items as flavored teas to keep consumption levels high.

Last year, the fastest growing size of tea bag packs was the 15-count size, perhaps indicating that shoppers like to buy small quantities of tea to have on hand — but not enough to become stale. Retailers shouldn't miss out on the opportunity to capture the occasional tea-sipper by putting all the emphasis on the large-count boxes.

Another business that appears here to stay is the exotic herb tea market. Such firms as Celestial Seasonings have been quite successful with their lines of teas, which are available in a myriad of different herbal mixtures. So far Red Zinger has proven most popular, according to a company spokesman. But others such as peppermint, chamomile and rose hips, also have strong followings.

Many mass merchandisers are combining tea accessory items with fancy teas to produce increased sales. Some food stores also tie-in gourmet type teas with tea biscuits to excite interest.

As for cocoa, retailers continue to stock the rich tasting solution — concentrating on the cold weather months as the most important seasons. The introduction several years ago of a number of packet-packaged cocoas started a trend of people taking these to work or school, with the effect that consumption levels have been fairly stable.

Tea and cocoa prices have also been stable, contrasting sharply with the rapid rising and falling of coffee prices. But tea and cocoa probably demand more marketing attention to remain competitive with the large number of juices, drinks, soft drinks and beverages that consumers may chose from in order to quench their daily thirsts.

GROCERY STORE TEA SALES (Pounds of Leaf Tea)

	Iced Tea Mix	Instant Tea	Teabags	Loose Tea	Total
1979	25.87	39.58	79.62	8.93	154.00
1978	25.68	41.23	78.13	9.76	155.00
1977	23.53	44.20	79.82	11.45	159.00
1976	18.98	43.22	74.46	9.34	146.00
1975	20.82	41.28	69.50	8.90	140.50
1969	6.40	31.50	59.10	15.70	112.70
1950	—	.42	27.58	41.40	69.70

As measured by the A.C. Nielsen Co., estimated grocery store tea sales in 1979 showed 121% gain over 1950, the first year of the Tea Council campaign. The above figures show the sales trends over the years in iced tea mix, instant teabags and loose tea, expressed in millions of pounds of tea leaf.
Source: Tea Council of the U.S.A., Inc.

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Military Market

MAGAZINE FOR THE MILITARY RETAIL SYSTEM ARMY TIMES PUBLISHING COMPANY SEPTEMBER 1980 $1.00

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...tion and Design

The Past Is Not The Future

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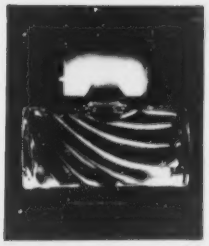

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Ship's Store, Newport, R.I.
Circa 1925
Design by Miriam MacPherson
All merchandise on last month's cover was supplied by AAFES exchange at Cameron Station, Va.

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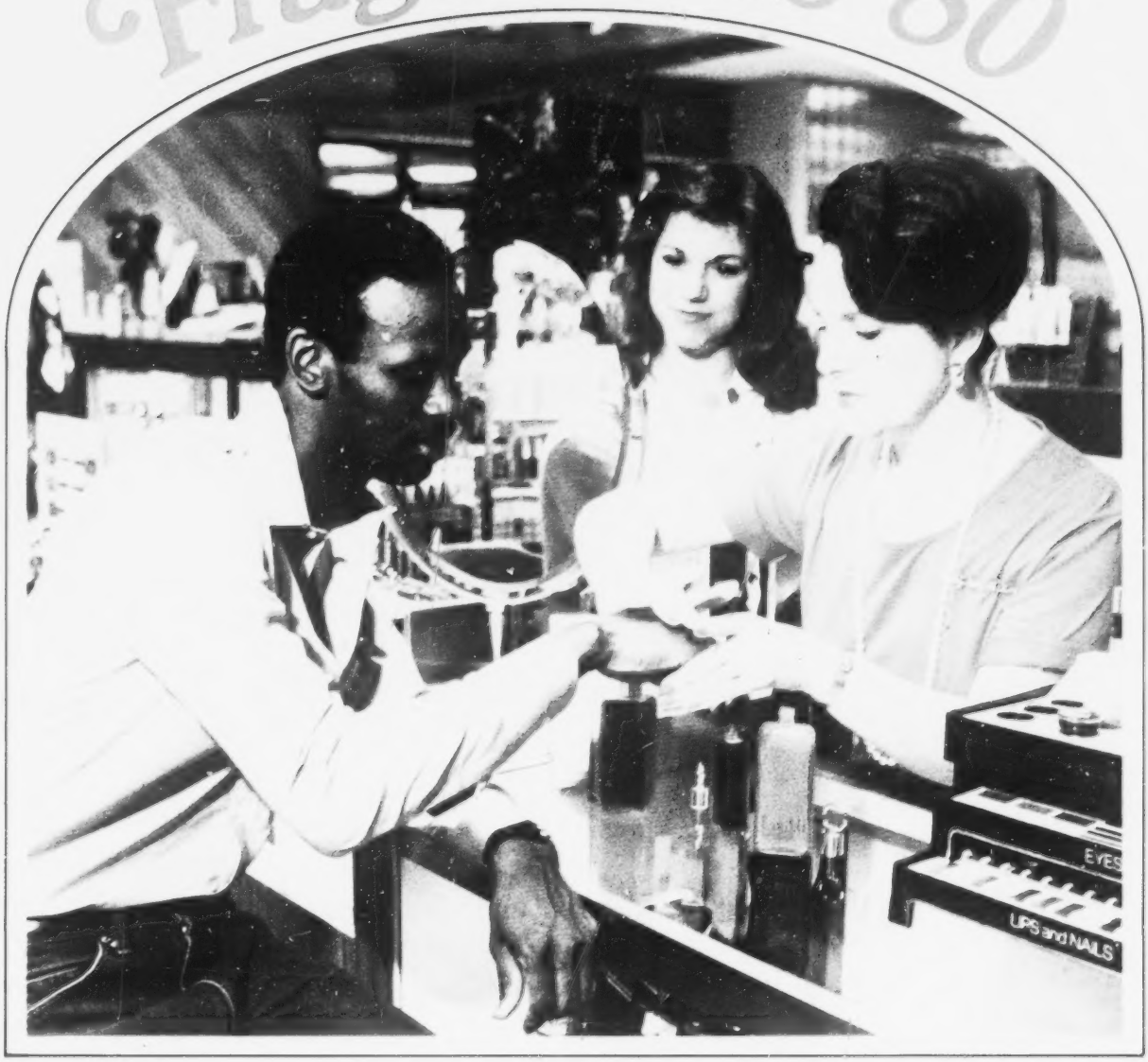
Fragrances '80



By Donna J. O'Neal

Giving special assistance to customers can help boost fragrance sales, especially when its a wary male customer at the cosmetics' fragrance counter. Here, exchange supervisor, Rita Anderson (right), helps Bill Allen try out a Lagerfeld product. Arden representative Kim Blake looks on. Allen also works at the Bethesda Naval Medical Center exchange, where this picture was taken.

Fragrances '80

POSTIVELY SCENT -illating.

That's the outlook for the fragrance market in the coming year. Although modest growth is expected throughout the industry, manufacturers continue to spark the area with new products and promotions.

And they will continue to scramble for customers. Fragrances offer elusive benefits: style, presence, magnetism. The stuff that dreams are made of. And the stuff often slashed from a beleaguered budget.

Since the benefits are so intangible, manufacturers must carefully massage the masses' psyches to keep customers coming to the fragrance counter. But the companies do have one factor in their favor. Scents pack a potent punch in the psyche.

So marketers simply must appeal to the same subtle emotions that fragrant odors lift and brighten. Of course with so many psyches to reach, companies must decide what target market they want to capture. But once that is decided, most companies go for their population segment with fervor as well as verve.

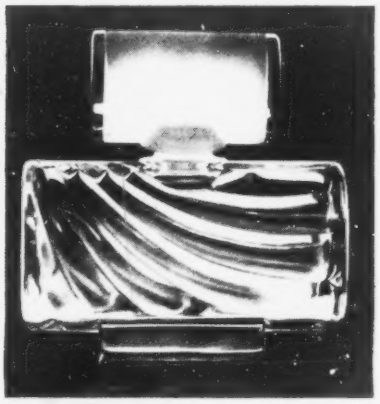
Despite the fact that there are millions of customers to reach, however, fragrance marketers find that a relatively small handfull of scents appeal to a large number of consumers.

According to cosmetics consultant/researcher, Suzanne Grayson, just seven women's fragrance brands account for about 38 percent of the entire women's fragrance business.

In addition, those who have found the key to success appear to have found a skeleton key that fits many people's hearts. About 90 percent of all fragrance business is racked up by only eight leading companies, Grayson said.

Because the fragrance industry is closely held, however, she declined to name the leading companies or fragrances.

Grayson made these comments last September in a New York Fragrance Seminar/Workshop that she conducts yearly. During the seminar, she also told attendees that companies need better marketing strategies to deal with changing consumer demographics and to keep from boring prospective customers.



AT right: Revlon's Scoundrel bottle.

WOMEN can reach out with gestures when wearing Chanel No. 19, according to the company. Promotions for "The Outspoken Chanel" exemplify many companies' attemps to attract today's uninhibited woman.

Grayson said one change in the women's area is the market share slippage of scents that are touted as "romantic." In 1970, she said, romantic scents accounted for 16 percent of all sales. By 1979 that figure had slipped to about 35 percent. In the interim, designer/celebrity-backed scents and those that are "new lifestyle" oriented began to sniff their way into customer's hearts.

The "new lifestyle" oriented fragrances are those that promote a free, independent or superwoman image, in order to attract women who fancy themselves as breaking away from traditional roles.

Another change in fragrance retailing is the gradual graying of America. According to the Census Bureau, in this decade the 35-44 age group of America will increase by 42 percent as the baby boom generation becomes middle aged. At the same time the teenage group will decline by 19 percent and the 18-24 age group will decline by 15 percent.

Fragrance marketers eye these statistical changes with some dismay for a couple of reasons. The teenage group (particularly teenage girls) always have constituted a resource pool of new cosmetics users for companies. The 18-24 age group is known to consume cosmetics heavily, as they enter the work force and begin taking the courtship ritual more seriously.

An increase in the 35-44 age group also foretells possible flat cosmetics industry growth, because these people — currently 24-35 — already use more cosmetics than anyone else. And within ten years, their brand preferences and tastes probably will be solidified.

The military market, perenially young, stacks up a little better, however.

The Army and Air Force Exchange Service reports that the 18-24 age group now makes up 24 percent of its customer population and will remain stable at that figure. In fact, so young is the military customer that the 5-24 age group comprises 50 percent of all AAFES customers.

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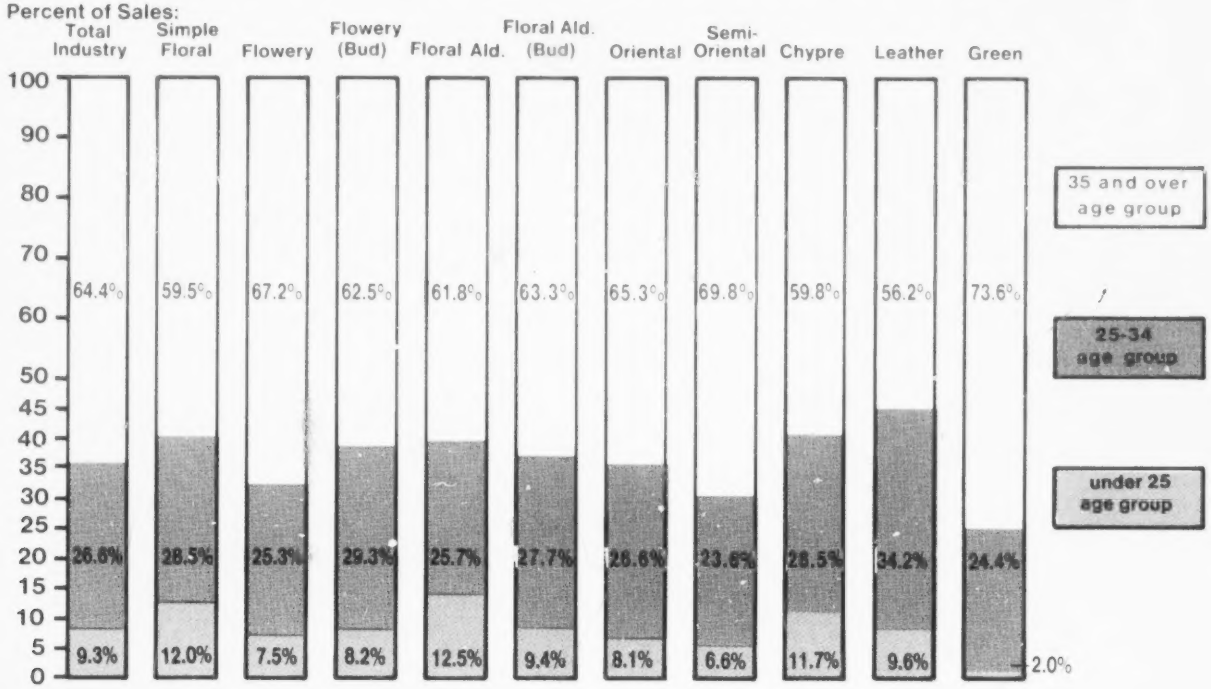
WOMEN's FRAGRANCE EXPENDITURES BY TYPE AND AGE



Market Share:

100%	10.2%	18.9%	8.3%	16.4%	4.6%	15.7%	10.6%	11.4%	1.3%	2.6%

Source: W. J. Fitzgerald, Incorporated

This chart shows fragrance purchase patterns by age group and type of scent. For example, of the total women's fragrance industry, the 25-34 age group purchases 26.6 percent of all fragrances. And they buy 28.5 percent of all fragrances in the simply floral type family. The 35-and-above age group, meanwhile, buys 73.6 percent of all green fragrances.

The chart also shows how each floral family stacks up as far as market share is concerned. Flowery fragrances lead the group with an 18.9 percent share of total women's fragrance sales. Leather scents, conversely, are the least popular fragrance type, accounting for only 1.3 percent of all women's fragrance sales.

To the right is an abbreviated list of popular fragrance products falling under each category. The list was compiled by Firmenich, a research firm headquartered in New Jersey.

SIMPLE FLORAL

A Rose is a Rose - Houbigant
Chloe - Lagerfeld
Jontue - Revlon
Lily of the Valley - Jovan
Hyacinth - Coty

FLOWERY

L Air Du Temps - Ricci
Wind Song - Matchabelli
Le De - Givenchy
Moon Drops - Revlon
Blue Grass - Arden
My Sin - Lanvin
Joy - Patou
White Shoulders - Evyan
Zen - Shiseido
Smitty - Coty Woman - Jovan

FLOWERY (BUD)

Fidji - Laroche
Norell - Norell
Gucci - Gucci
Cardin - Cardin
Blazer - Klein
Cerissa - Revlon
Halston - Halston
Maxi - Factor
Stephen B - Burrows

FLOWERY - ALDEHYDIC

Chanel 5 - Chanel
Charlie - Revlon
L Aimant - Coty
L Interdit - Givenchy
Arpege - Lanvin
Audace - Rochas
Babe - Faberge
Cabriole - Arden
Y - St Laurent
Dior-Dior - Dior

FLOWERY - ALDEHYDIC (BUD)

Masumi - Coty
Chanel 19 - Chanel
Rive Gauche - St Laurent
Aviance - Matchabelli
Cie - Shulton
Je Suis - Yardley

GREEN

Vent Vert - Balmain
Aliage - Lauder
Private Collection - Lauder
Eau de Love - Menley & James

CHYPRE

Jai Osé - Laroche
Aphrodisia - Faberge
Diorling - Dior
Intimate - Revlon
Givenchy III - Givenchy
Memoire Cherie - Arden
Cachet - Matchabelli
Aquarius - Factor

CHYPRE (BUD)

Diorella - Dior
Fleurs Fraiches - Worth
Cristalle - Chanel

LEATHER

Azuree - Lauder
Gemmesse - Factor
Red - Beene
Impreviu - Coty
Scandal - Lanvin

SEMI-ORIENTAL

Curve - Liz
Heaven Sent - Rubinstein
Ambush - Dana
Youth Dew - Lauder
Ultima - Revlon
Opium - St Laurent

ORIENTAL

Emeraude - Coty
Shalimar - Guerlain
Tigress - Faberge
Charles of the Ritz - Ritz
Toujours Moi - Corday
Tabu - Dana
Ciara - Revlon
Musk Oil - Dana

Fragrances '80

(Continued From Page 30)

The 24-35 age group, on the other hand, is smaller in the AAFES market than in the civilian retail arena. AAFES also notes that although the 35-44 age group nationally is the fastest growing civilian population segment, it will not grow significantly in the military market.

So while civilian retailers adjust their merchandising strategies and manufacturers begin to appeal to the mature customer, military marketers will continue a youth oriented marketing push.

The bottom line: "Customers will continue to buy these items at a healthy pace in military stores, first because of low price points and second because they, as all young people, develop a blossoming interest in the items during their young adult years," a military sales rep told MILITARY MARKET.

Superwoman Scents

Does it really matter to fragrance marketers what consumers think of themselves and the world? You bet.

When femininity was the most admirable trait a woman could exhibit — not too long ago — marketers simply appealed to women by suggesting that with their products "boy meets girl and girl gets boy."

But take a look at some recent and upcoming campaigns. One advertising agency, Advertising To Women, took a number of well-established fragrances and breathed new life into them, using updated campaigns.

According to an *Advertising Age* report, the moderately feminist agency increased **Jean Nate** sales 50 percent last year with a "take charge of your life" campaign. The TV ads showed a woman vigorously applying the after-bath splash, then jockeying a horse in a fast-paced race. The item is a leading fragrance now, according to the report, because ads got younger women interested in the old favorite.

Two other memorable ad themes ATW used were for **Enjoli** and **Aviance.** For Enjoli, the modern woman is bringing home the bacon, frying it up in a pan and never letting her mate forget he's a man. In the Aviance ad, a harried housewife becomes a sultry seductress in preparation for an Aviance night. Both fragrances have become fast-sellers.

In a **Rive Gauche** ad, ATW took a less "superwoman oriented" tack. A woman speeds to a beach in a sports car to watch a sunrise alone. Happy in her independence, she's, "having too much fun to marry."

The **Charles of the Ritz Co.**, makers of Enjoli, are fairly confident that the superwoman appeal is as successful as ads for the independent single. According to a company spokesman, 26 percent of all women using fragrances are working mothers, and an appeal to these workhorses will probably be successful. In 1978, when the ad campaign for Enjoli broke, store shelves cleared rapidly for the fragrance, leaving widespread demand for the Christmas buying season.

Chesebrough-Pond's Prince Matchabelli division agrees with the Charles of the Ritz assessment. The new Prince Matchabelli fragrance that bowed last year, **Chimère**, used a similar superwoman tack. The Chimère woman is discreet and elegant from afar — impeccable, professional — a cool decision maker. But up close she's something else. Warm, giving, loving. A superwoman.

As part of the campaign that won the company awards from the Fragrance Foundation, Prince Matchabelli found 21 Chimère women, last year nationwide. In Dallas, alone, they found three. A vice president at an insurance company, a commercial loan analyst and a personnel director. Each had 10-12 hour work days, plus other demanding interests after work. Newspaper articles in some cities, such as Dallas, proclaimed these Chimère women as women of the 80s.

The Fragrance Foundation recently awarded Chimère the most successful woman's fragrance introduction in 1979. And it won an award for having the best national advertising campaign for a

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Canoe.
The man's cologne from Dana.

Wear it.
She'll get the message.

Robert Hale & Associates, CONUS

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(Continued From Page 32)

woman's fragrance.

So enter 1980. This month a handful of new products will hit retailers' shelves. September is the traditional time when fragrances roll out, in preparation for Christmas sales. And this year is no different.

Revlon is introducing its first new women's fragrance in half a decade. It's called **Scoundrel.** And whom will it attract? Scoundrel, as she is called, "with a sense of affection," is the spirit of Queen Elizabeth I of England, Sarah Bernhardt, Josephine Baker and Auntie Mame, all rolled up into one.

There are men in her life, but they don't own her. She's urban, even in the country. She has spine, dazzle. Married or un-, mother or not, career woman or no, she's not laid back, not a spectator, procrastinator or play-it-safer, according to promotional materials.

Scoundrel will begin hitting exchange shelves this month. Since Revlon now has the number one **(Charlie)** and number two **(Jontue)** scents already, it expects this to be "a major new disturbance."

Coty also is bowing a new perfume this month. The fragrance, **Sophia,** is inspired by Sophia Loren, who helped create the floral bouquet and oriental scent. The new scent, the company says, "suggests charm, sensuality and elegance."

A Coty spokesman notes that **Emeraude,** its number one seller, is being positioned for the active, involved and sensuous woman.

Scent-sing Men's Moods

In the men's market some new positioning and posturing also is taking place. Prince Matchabelli, long a successful women's perfumer, is bowing a new line for men in September — Matchabelli. According to Carl Ward, director-Special Markets at the company, $4.5 million will be spent in the next three months to publicize the new scent. Much of the advertising will be in women's magazines, because "women purchase 75 percent of men's fragrances," Ward told MILITARY MARKET.

But what is Matchabelli all about? Well, the Matchabelli man

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Men's Fragrances

WARNER Western Fragrances uses the cowboy, in his legendary hat, to project the casual air of the fragrance line, Chaps. Prince Matchabelli, in contrast, is promoting its new fragrance, Matchabelli, by projecting the image of classic elegance.

FRAGRANCE MANUFACTURERS wish that more men were like Bill Allen, the young floor supervisor at the Bethesda Naval Hospital Center Exchange mini-market in Bethesda, Md., who thinks fragrances make him sexy and attractive.

"My brother started me using colognes and scented aftershaves," Allen told MILITARY MARKET. "I was interested in sports as a teenager, but my brother wanted me to be more interested in girls. Wear colognes, he told me."

Now Allen varies the fragrances he wears according to his mood. For that reason, he owns a wardrobe of scents.

Most men don't however. And fragrance manufacturers lament the fact.

Retailers, aware that men still are unsophisticated purchasers, are wary of sinking a lot of money into promoting male fragrance lines. Imogene Huwyler, AAFES cosmetics buyer, said this year AAFES will be spending some money to promote men's scents, but that they won't be promoted deeply.

"We thought that higher priced fragrances would make a difference — get things going, Huwyler added. "But it appears that men aren't willing to turn loose the extra dollars. We are counting on mid-priced, mass-merchandised and basic items," she said.

According to a recent study, fastest growth is expected in toiletry gift sets. The study, prepared by research firm Packaged Facts, says that men's-women's fragrance duo lines and men's toiletry line extensions also should become popular during this decade.

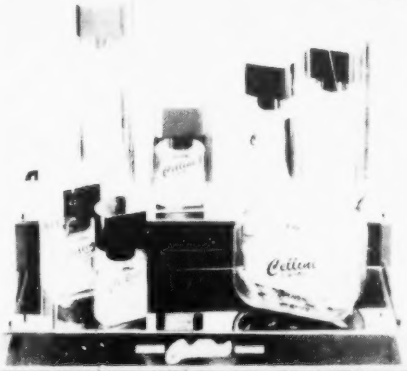
Packaged Facts' report says, however, that the negative impact of the economy will put a damper on this area. The large number of fragrances for men also will cause some market confusion. And, most importantly, the male's conservative attitude will keep sales from reaching the level of women's fragrance sales. The company expects men's fragrance sales to total about $500 million this year.

During the recent Father's Day buying spree, retailers reported that many quality men's fragrances, including **Halston, Lagerfeld, Polo, YSL, Chaps** and **Aramis** were top appealers.

Since many companies offered either gift-with-purchases or purchase-with-purchase promotions, retailers also were able to tally customer's response to these items.

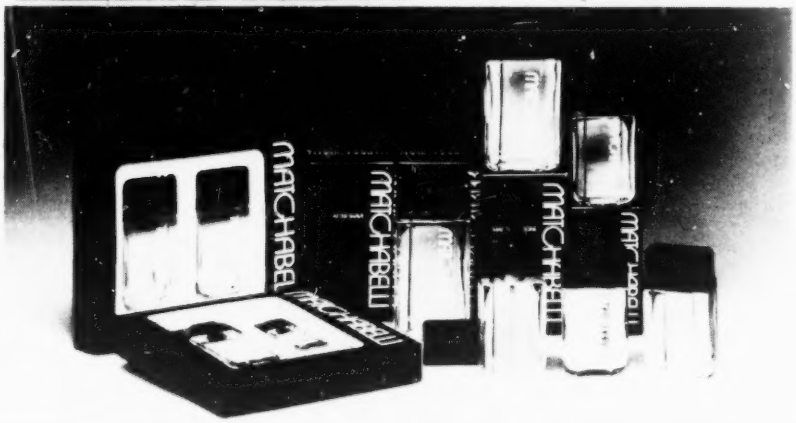
Among those that were reported successful were **Royal Copenhagen's** bag promotion and **Halston's** p-w-p grooming products promotion.

Fragrances '80



FABERGE is introducing a new male fragrance line, Cellini, this month. Cellini is named after a famous 16th century Italian goldsmith, and has an Italian image.

PRINCE Matchabelli's new line to roll out this month carries the name of the company's founder, Matchabelli. It emulates the spirit of Georges Matchabelli, an exiled Russian nobleman who became a perfumer in America during the 1920s.



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will emulate the legend of Prince Matchabelli — a real Russian nobleman who was ruined by the Bolshevik Revolution. He immigrated to the United States during the flapper era and went on to become a top perfumer. The Matchabelli man, above all, is master of his own destiny. He is daring and invites passion.

Faberge, manufacturer of **Brut**, also has created a new fragrance that will be rolling out this month. The line — **Cellini** — is named after the famous 16th century Italian gold-smith. Cellini thus projects a Continental mood and appeals to the Continental type: suave, dashing and fashionable.

The Cellini line carries an Italian theme of red, white and green packaging on glass. The scent is a blend of citrus, spice, herbs, wood, musk and amber. The line will be available for sale in the military in October.

Each of these four new products — Scoundrel, Sophia, Matchabelli and Cellini — are mid-priced lines sure to appeal to the budget-conscious, yet fragrance-oriented public.

There's more news in the men's market. **Parfums Lagerfeld** is introducing a line of four "trend-setting men's grooming aids" this month, as line extensions of the **Lagerfeld** fragrance brand.

The four new products include a talc, a moisturizer, a moisturizer bronzer and a beard softener/cleanser. Michael G. Kazimir, vice president and general manager of Parfums Lagerfeld, told MILITARY MARKET that moisturizers and bronzers for men are trends for the 80s. "Men are more interested in skin preps now, including bronzers," he said. A military sales representative for Parfums Lagerfeld added that the line will be monitored in the civilian market to determine if the military man will be interested in such items.

What this short list of new product introductions does not imply, however, is that a fragrance explosion indeed has been taking place during the past decade.

Maurice Maurin of Créations Aromatique told recent Fragrance Week attendees in New York that the number of fragrances introduced in the last ten years is more than were introduced in the previous 70 years.

Maurin said that between 1900 and 1969 176 women's fragrances and 149 men's fragrances were created. However, in the next ten years, 210 women's fragrances and 252 men's fragrances were created. Total number of sucesses — about one in 10. Between 1969 and 1979, 22 fragrances succeeded out of 210 newcomers. For men, 25 of 252 fragrances survived. Maurin added that perfumers still need more creativity.

The Fragrance Foundation sponsored the recent Fragrance Week, held June 9-13, conducting a number of activities to get New Yorkers more interested in fragrances.

Scent Sales

Of course the bottom line to campaigns and targeted marketing is fragrance sales. There has been modest growth in the industry, some but not many new fast-sellers, and lots of promotional experimentation.

Mid-priced fragrances were winners last year and this spring, according to a number of marketing reports. Among the women's scents that have fared well during the year, according to a *Cosmetics & Fragrance Retailing* report, were **Charlie, Enjoli, Chimère, Jontue, Chloé, Chanel, Emeraude, Youth Dew, Ciara, Halston, Opium and Shalimar.**

In the men's arena, those products scoring well this year have been **Jovan Musk, English Leather, Aramis, Halston, Old Spice, Brut and British Sterling,** according to the *C&FR* report. Retailers rate these as tops because of their moderate price, their quality and advertising support.

In the military exchanges a number of these fragrances also are hits. In the Washington, D.C. area, for exchample, **Norell** and **Chloé** are the two top women's scents, according to talks with floor supervisors. In the men's area, several mid-priced lines are fast-sellers, including old-standbys **Old Spice, Brut** and **English Leather.**

Overall, the value of fragrance shipments to the trade should increase 12 percent this year, according to a Commerce Department report.

Soft Markets Are Firming Up

Now that 1979's record pack of canned fruits and vegetables has begun to dwindle, suppliers are beginning to recoup profits with higher prices on a smaller 1980 pack. Meanwhile, business with comstores keeps getting better, and some new ideas in packing may bring important changes to this nearly unchangeable market.

By John A. de Ferrari

A RECENT USDA report paints a picture for canned vegetables that is sure to brighten supplier smiles and lengthen consumer frowns. While noting that "despite heavy supplies and low wholesale prices, disappearance of canned vegetables has risen only slightly from a year earlier," the report goes on to state that "by fall, burdensome inventories will have been sold and a new smaller pack of most items will cause price rises."

The USDA finds a similar situation in canned fruit: "Stocks of processed fruit are generally above a year ago, although smaller packs for a few crops and higher marketing costs likely will keep prices up." Still, "the total supply of canned fruit for the coming year will be ample."

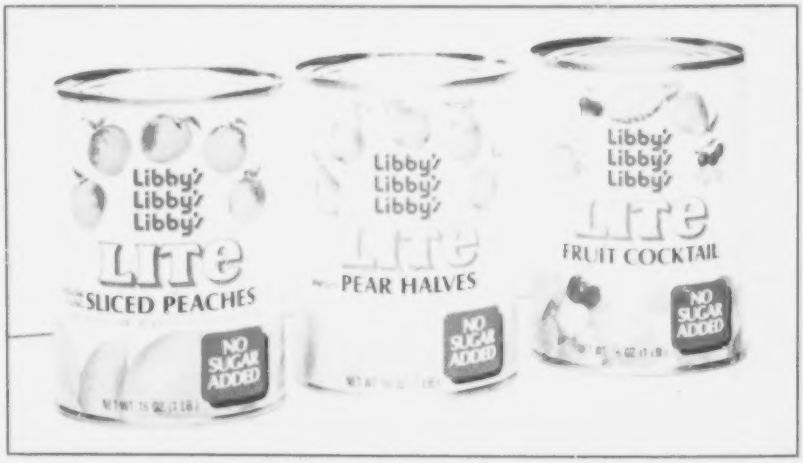
Packers have already announced "substantial" price increases — from 20¢ to $1.00 per case — on all seasonally packed canned fruits and vegetables. Processing costs, a perennial villain in the canning industry, have been largely responsible for the higher prices, though further price increases of this sort apparently do not loom in the immediate future. These processing costs include higher rates for labor, materials, and especially energy (which has been responsible for up to 50 percent of the increases).

Further price increases will depend on the quality and quantity of the 1980 pack, not yet harvested at press time. In some categories it's hard to say what prospects will be like. Droughts, heat waves, and other unusual weather conditions have wrought major changes in some product categories while leaving others almost unaffected.

Here is a category-by-category outlook for canned fruits and vegetables:

UP TO THE GODS

"The vegetable situation is entirely up to the gods," said one industry source. Severe heat and drought have taken their toll on Midwest vegetable crops this summer, but the news is not all bad. At one point nearly all vegetable crops in Minnesota were in serious danger from lack of rain. But rains finally fell in major packing areas, and now crop harvests will probably be close to normal.



Libby's new Lite fruits, packed in fruit juices rather than sugar syrups, are selling well in commissaries. Dole and Del Monte are test-marketing similar items.

CORN is one of the most uncertain commodity vegetables this year, though the canned corn situation is considerably more stable then the fresh corn situation. Much of corn for canning is grown in Missouri and northern Illinois, and the irrigated corn farms in that area are doing well, according to one military sales manager. But another source was not as optimistic. "Midwest corn crops could be in trouble." With a moderate carryover from last year, this year's pack will probably be adequate but not large, and the market will firm up.

A significant trend in canned corn sales is the trend in recent years from creamed corn to whole kernel corn, said one MSM. Six to seven years ago the two varieties, which are priced the same, sold equally well. Now whole kernel corn is outselling creamed corn 2 to 1.

The *PEA* pack last year was outstanding, with crops yielding 1.56 tons of net product per acre. Prices have been depressed and deals deep to reduce that inventory, but by fall a somewhat smaller 1980 pack should produce more normal inventories. The hot weather has had an adverse effect on pea crops, causing some to have to be passed over, and this has contributed to a smaller 1980 pack. Midwest MSMs concurred that "prices may go up, but not substantially (maybe four to six percent)."

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Canned Fruits and Vegetables

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TOMATOES have turned around much more dramatically. Overproduction of canned tomatoes and tomato products last year led to cutthroat competition and at-cost marketing that drove several small canneries out of business. Accordingly, 15 percent less acreage was planted this year. But unfavorably cool weather reduced the actual crop even further, so that 18 percent less product was actually packed this season. "Tomato products are going to turn around," MILITARY MARKET was told. "VPR's won't be as deep or as often."

"*BEANS* are pretty sturdy; they aren't as affected by adverse weather conditions as other crops. In general, it's hard to say at this point how well they'll do. But if anything, it'll be a matter of quality rather than of total product." This is how one West Coast MSM summed up the situation. The canned bean market was still soft this summer due to a large carryover from last year. Sources agreed that green beans will continue to be plentiful. But other categories — such as dried beans — are experiencing heavy demands and selling for higher prices. The dried bean market in particular is nearly "guaranteed" to stay firm since the Mexican government has been buying up immense quantities of American dried beans. In response to Mexican buying, planters have been planting extra crops and selling at higher rates.

One source noted that the *ASPARAGUS* crop is substantially smaller this year than expected. There will be a tight supply of canned asparagus; deals will be curbed and prices will rise accordingly.

One area of concern in canned vegetables is the relative rates of sales of name-brand versus second-label vegetables. Premium-priced name-brand vegetables have been gradually declining in sales, giving way to the cheaper second-label brands. People seem to be buying on impulse, according to price only.

"There is not much brand loyalty," a spokesman for **Progresso Quality Foods** told MILITARY MARKET. Accordingly, competition among packers is fierce. Packers accuse each other of "bastardizing" the product market by selling at cost or lower to reduce inventories. The fierce competition was strong enough to drive seven small packers out of business in 1979.

But one MSM was careful to explain that commissary requests for name-brand canned vegetables have remained steady. Commissary shoppers, who already buy at very good rates, are more interested in quality than the average shopper, according to this MSM. But the general market trend nevertheless has a parallel in the military, for second-label sales have been gradually climbing while name-brand sales have been merely holding their own.

Very orderly

Canned fruit was characterized for MILITARY MARKET as "a very orderly market." Crops and packs are generally reliable, as are consumer buying patterns. One packer told us that "there will be firm markets in all fruits" while another predicted that "deals and allowances will be at about the same level this year as last."

However, the *APRICOT* pack is down this year because of the damaging effect of excessive rains in California. Canned apricots, which hold about three percent of the total canned fruit market, may sell for substantially higher prices this year.

A spokesman for **Del Monte** predicted that deals in *PEARS* would be less deep this season and that one more round of price increases (in the area of one cent a unit) could be in store. It seems that although there is a large carryover of pears this year (as well as peaches), the canned pear supply is not going to be appreciably affected.

A **Libby** spokesman elaborated: "We expect a good crop on the two major items of *PEACHES* and *PEARS*. Unfortunately the fruit is getting very large. There is a shortage of the smaller fruit used in packing the buffet (8 oz.) and 303 (16 oz.) sizes. — You just can't get the big fruit in the little cans, especially the 8 oz. cans."

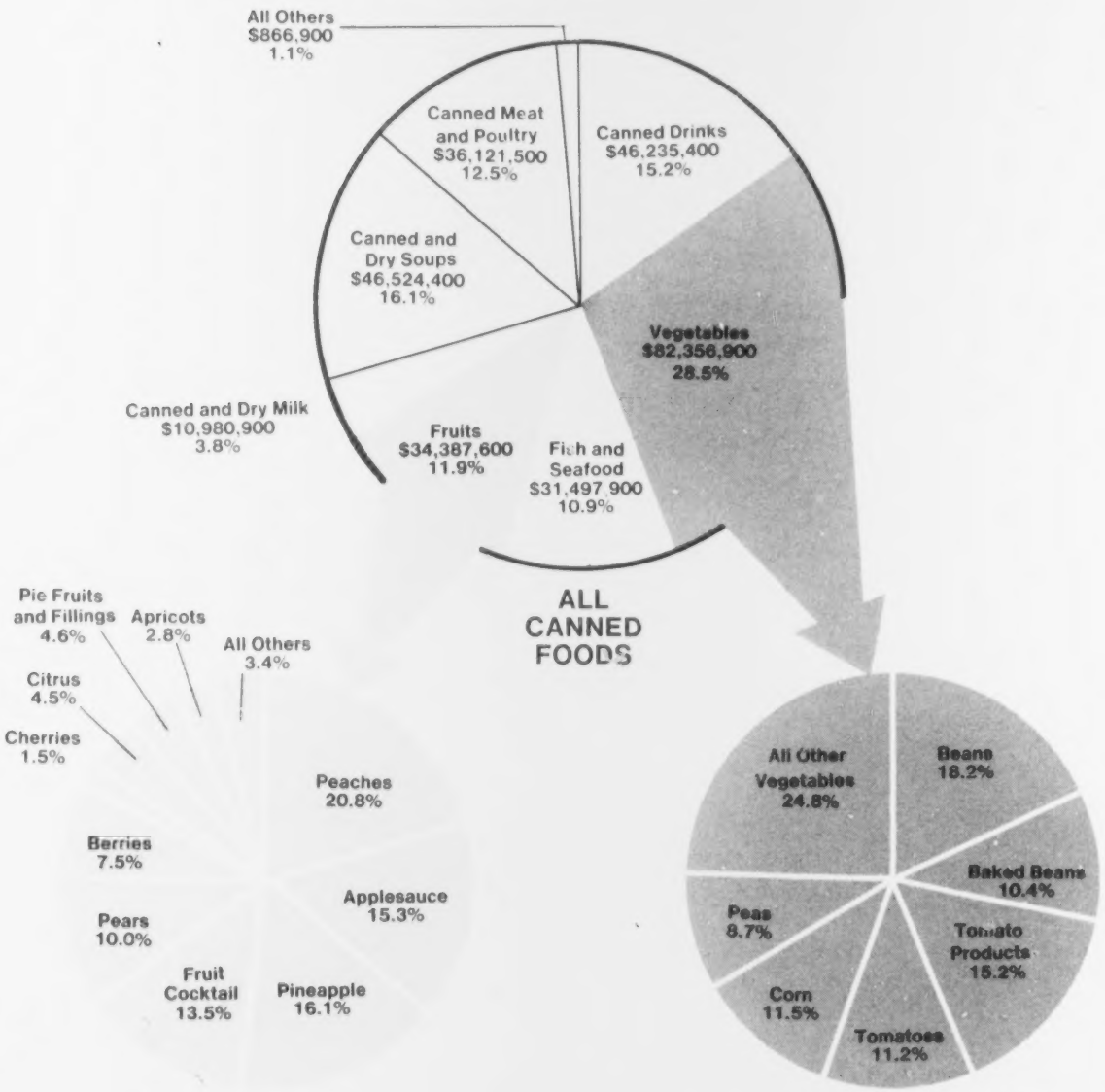
Dole, the major producer of canned *PINEAPPLE*, saw a firming up in the market due to rising freight charges. "Because pineapple has to be transported across long distances it is particularly susceptible to increased energy and transportation costs." Prices will probably go up at a moderate rate, from five to seven percent.

After three years of bad crops and tight supplies, the *CHERRY* supply is expected to be excellent this year. Crops in both Michigan and New York have been much better than last year, and prices are going to be "a hell of a lot lower," according to Jimmy De Bergh of **Old Virginia, Inc.** Canned cherries will sell for some 25¢ cheaper per pound. *BERRIES* also have done outstandingly well and will sell from 30 to 50 percent cheaper than they did last year. *BLACKBERRIES*, for instance, which sold for $1.08 - $1.15 per pound last year, will be running at 59-60¢. De Bergh cited both the good supply factor and the desire on the part of processors to keep inventories low as reasons for the price cuts this year. *STRAWBERRIES*, however, will not share in the lower prices because of a 25 percent loss of crop in Mexico. But California strawberry crops have been good, and the total supply should remain adequate.

APPLESAUCE sales continue to be outstanding, and apple crops — particularly on the East Coast — are unusually good this year. A spokesman for **Pet Inc.** mentioned an "extremely, extremely good crop and an extremely plentiful supply." Prices are predicted to continue to go up, but only marginally this year, the reason once again being the rising costs of packaging materials and energy. Some local Washington State apple crops were destroyed this year by the eruption of Mount St. Helens, but the loss will not have a significant effect on the total supply of canned apple products.

Applesauce, which controls an important share of the canned fruit market (15.3 percent of commissary sales in CY 1978), continues to show increasing sales. The **Duffy Mott Company** reports that applesauce sales were up by four percent in 1979 at the same time that other canned fruit categories were declining.

CANNED FOOD SALES IN COMMISSARIES WORLDWIDE, CY 1978 $288,971,600 (8.8 PERCENT OF ALL SALES)



SOURCE: Research Department, Army Times Publishing Company

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Down With Sugar

The supermarket press has been making a big to-do lately about a new development in canned fruit, the so-called "light" fruits. "Light" fruits are packed in fruit juices rather than fattening sugar syrups and are sold in the regular canned fruit section. Similar products have been marketed in the past, but they have generally been confined to the dietetic section.

The first major packer in the field has been Libby's, whose "Libby Lite" line has been extolled by a company spokesman as "the most successful canned fruit introduction probably ever in the industry." The Libby Lite line includes no-sugar-added fruit cocktail, peaches, pears, and chunky mixed fruit, all packed in a mixture of pineapple, grape, and apple juices. Since its introduction in January, Libby Lite fruits are reported to be moving well in commissaries. "Libby Lite fruits have given the canned food market a tremendous lift," our source con-

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Canned Fruits and Vegetables

(Continued From Page 39)

tinued. "The canned fruit market has been going down generally: sales of dietetic foods have been down even by 20 percent. But nothing has ever taken off like this."

The reasoning behind the new packing is that more and more of the American population is getting sugar-conscious. Healthful, nutritious foods are uppermost in the consumer's mind. But two other companies that are test-marketing juice-packed fruits are not as overwhelmingly ecstatic about the prospects. Del Monte's "Lite" line is being tested in a small market and will probably be expanding, as will Dole's experimental "Fruits in Juice." These competitors feel that while a genuine demand for canned fruit packed in juice may be developing, the trend is probably not of landslide proportions.

In related areas, there is even some talk now of testing no-salt-added canned vegetables. That would be the first new product in the canned vegetable market in years, but its chances for success are limited by the substantial difference in taste between salted and salt-free vegetables. The American palate may be too accustomed to salted canned vegetables to accept a new unsalted line.

Good Work

Industry sources were in aggreement about the good business they have been doing with the military resale system. All of them agreed that "VPR's and deals will always be possible with the military."

Some commentators pointed to recent trends in the military that packers find very pleasing. "The military resale system has relaxed of late," one said, "and has shown itself to give more cooperation to vendors, this in spite of the serious constraints it must deal with regarding number of line items, etc. Vendors are more eager to engage in promotional activity with the military than they used to be. And good work is being done in such things as building new commissaries." Other sources praised both the sophistication of the commissary shoppers and the reliability of orders from the resale system. "The support we've gotten from the resale system has been very good." (MM)

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Sales Sail on Choppy Waters

By Donna J. O'Neal

Soup sales have met the same gentle buyer resistance that many packaged product categories are experiencing, thanks to inflation and recession. As brand competition heats up in some new categories, retailers are reducing inventories to keep operating costs down. But processors warn that poor inventory management can be just as deadly as a soft economy.

THE SOUP CATEGORY is going through some changes as it enters the 80s.

As new formulations of soup types come on the scene, resale food operators must take time to assess the public's reception of the items and determine how best to merchandise the entire category.

And then there's the growing effect of a tight economy that gives no signs of loosening up in the next year or so.

The question then is: Do customers find soup products necessary and inflation-fighting — or are they apt to cut back in this area? And in a similar vein — how much are consumers willing to pay for convenience and ease versus budget-oriented items?

Most soup marketers make no glowing claims that in times of inflation, consumers buy more soup than ever before. But neither is there a fear that consumers will begin a major cutback. Yet retailers are dealing with an overall food purchase drop and are therefore cutting back on inventory. Including the heavily-stocked soup category.

That can hurt major foodprocessors who have long lists of soup items, available in a number of flavors, sizes and strengths. One of the major complaints military sales managers for soup processors have is that there are too many out-of-stocks in the soup category:

"If there is any recommendation for 1980," one MSM told MILITARY MARKET, "it's that the systems make a major commitment to improve shelfstocking efforts in the heavily inventoried categories. Obviously I mean the soup aisle.

"It means getting hold of reliable scanner data, even from other systems, and determining how best to stock the inventory in this area," he continued.

It also means finding quick efficient ways to get the demanded items on the shelves and replace them as they are purchased.

Dale Turner, NAVRESSO grocery merchandising specialist, has a flashy and fast way to deal with 10-oz. size soup cans.

As he demonstrates in the commissary merchandising course that he conducts for NAVRESSO employees, improved shelf stocker efficiency can make all the difference. Here's how Turner's method works:

The case is cut twice — first around the top, then around the bottom. The top is lifted off and placed nearby, bottom down. Then the midsection of the case is lifted up so it encircles the top layer of cans. Using a lot of arm pressure, the stocker slides the whole top level of cans into the upturned top tray of the case. The bottom layer of cans stays in its own tray.

And voila — two stacks of cans neatly and easily arranged in cardboard trays — upright — ready for pricing and/or shelf-stocking.

To carry out such clever techniques, though, Turner adds, it is necessary to have the proper equipment — cutting knifes, carts, work tables and space. And convincing stocking crews to try new techniques — based on the fact that they are easier and faster — also is key in keeping soup departments adequately stocked.

(Continued on Next Page)

THREE new Oriental soups are going national from Campbell Soup Co. They are Won Ton, Oriental Chicken and Beef Teriyaki. The introduction was sparked by the growth of Oriental canned food sales in the United States.

Sales Fare Well

1979 certainly wasn't a bad year for soup manufacturers, despite the fact that most would have liked to see it better.

According to civilian store reports, the overall market racked up about a three percent dollar sales increase for condensed soups between calendar years 1978 and 1979. Bouillon cubes had the greatest dollar sales increase — up about 20 percent over 1978. Single-strength soups and individual dry soup mixes also had healthy sales increases. Single-strength soups were up about 11 percent and individual dry soup mixes increased about nine percent over the previous year. Other dry soup mix sales increased at the rate of about three-and-a-half percent over the year.

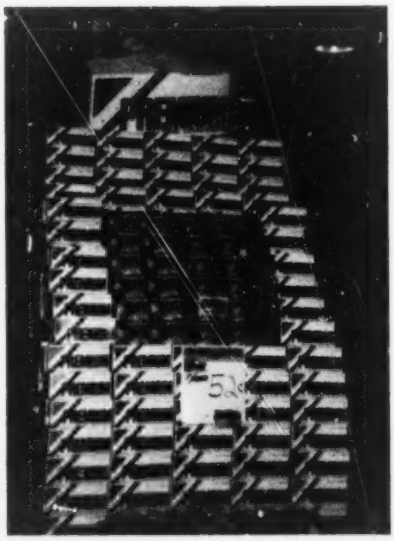
Campbell's is still king of the hill in the canned soup area — especially in condensed soups. However, because single strength soups have shown the greatest dollar sales increase, the company appears to be showing more interest in these items.

Last month the company announced it was moving two new chunky soup flavors into national retail distribution. These are Chunky Mediterranean Vegetable and 3-Bean Vegetable. The soups will be marketed with an "Old World Flavor" theme.

Talking about the new products, J.W. Dodd, Jr., product marketing director for the company, said, "The ease of building a meal around these hearty soups has contributed to the increasing consumer acceptance. In test markets, these two new varieties increased chunky soup business by almost 10 percent."

Chunky Mediterranean has chunks of red tomatoes, carrots, green beans, corn and shell macaroni in broth. Chunky 3-Bean Vegetable is a blend of kidney, butter, Great Northern beans, potatoes, sweet peppers and other vegetables in broth.

The company also is expanding in its condensed soup area. Three new oriental condensed soups were introduced into regional distribution in the Northeast and Midwest in early summer. Paul Mulcahy, a Campbell's product marketing director, said, "We are constantly working to develop new varieties consistent with consumer trends. The canned Oriental food market is growing at a rate of about four percent a year. Our three new soups are the first of their kind to be offered to the trade by a major food processor," Mulcahy noted.



THIS display at Williams AFB, Ariz., highlighted the tie-in promotion between Nestlé Souptime and Nabisco's Premium saltine crackers. A dump bin in front of the display holds more of Nestlé's Souptime flavors.

Won Ton soup contains won tons stuffed with chicken, seasoned in chicken broth. Oriental Chicken soup has pieces of beef, crunchy as bean sprouts, bamboo shoots, water chestnuts and chicken bits in chicken broth. Beef Teriyaki soups has pieces of beef, crunchy bamboo shoots and egg noodles in a beef broth.

To spark interest in some of the company's older flavors, Campbell's is promoting 16 of its "red and white condensed soup varieties" as "Light Ones" — having 90 calories or less per 10 ounce serving. Each 10-oz. can has about two servings. "Campbell's 'Light Ones' are not new soups, just a new way of thinking about some long-time favorites," company promotional literature says. The recipes for making the soups have not changed.

However, the labels have. Each of the 16 soups has a label with a "Light One" logo and notes calories-per-serving on the front label. On the back are recipes for light lunchs and other low-calorie meals.

Another marketer of condensed soups, **H.J. Heinz Co.** is sticking with its original line of "Great American" condensed soups, packaged in 10-oz. cans. A company spokesman told MILITARY MARKET that the 10-oz. condensed can size remains the number-one size for soup sales.

Last year the company tested Heinz creamy soups, a line of high-end ready-to-serve soups in 14-¾-oz. clear jars. However, the company has withdrawn the line from test markets, according to a company spokesman.

In the military, the spokesman said, Heinz will continue to offer periodical price reductions. "That's the basic news we have for the soup department," he said.

Dry Ideas

Enter the dry soup market. And see the fracas. For the last couple of years, the new instant dry soups have been some of the real news makers in this area. This year, the dust still has not quite settled in the market, and so retailers and manufacturers will continue to experiment and test to see just how viable the products are.

The entire category was up about nine percent last year, according to civilian store reports. The number of companies in the market also is an indication that there is a good market, here.

Instant soup/lunch manufacturers include **Kraft, Lipton, Nestlé S.A., General Mills, Sanwa, Nissen, Maruchan Inc.** and **Grand Imperial** — a lot of companies with a host of brands all competing for consumers' favor.

But marketers will have to eliminate some customer confusion if this category is going to simmer down. Most retailers understand the difference between instant lunches and instant soups — the former take about three minutes to "cook" and include a pasta type base, while the latter are basically broth/meat based, and require only about 10 seconds to heat up. But consumers probably aren't completely clear on

how they differ or the benefits of purchasing both types of products.

One thing retailers can do, according to a Nestlé spokesman, is keep instant soups and lunches as close to the soup aisle as possible. "If retailers are going to build special displays, they should place them close to the soup aisle," the spokesman told MILITARY MARKET. This takes advantage of both impulse purchases and pre-planned purchases.

Last year the company added two flavors to the instant soup line — Alphabet and Cream of Garden Vegetable.

Another tack Nestlé has taken is to offer retailers, including military retailers, more generalized promotional programs.

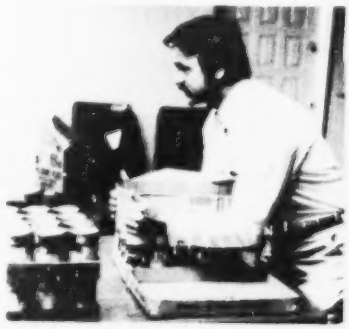
"What we do," the spokesman said, "is offer retailers an entire list of promotional possibilities made up of all the products the company markets — including coffee, cocoa and soup. The retailers get to pick and choose, tailoring their promotional program to individual stores, according to how the customers' needs and demands are perceived."

Nestlé's "Parade of Values" promotion is designed to give store operators more control — and operators can request promotions for items not on the list and negotiate with the salesman.

In the military, in instant lunch flavors, chicken noodle currently remains the most popular flavor, a number of company spokesmen agree.

So what is the outlook for the soup market?

"Consumers aren't spending as much of their disposable incomes on food and stores have reduced the amount of inventory that they have warehoused," a Campbell's financial vice president reported to the company's stock holders. "But, as the recession continues, we would expect that a product such as soup would be somewhat recession-proof," he concluded. (MM)



DALE Turner, NAVRESSO grocery merchandising specialist, demonstrates how to use the cut mid-section of a case to slide the top layer of 10-oz. cans onto the case's cut off top. It takes know-how and arm pressure.

CANNED & DRY SOUP SALES AND UNIT MOVEMENT

Total Commissary Sales 1978: $46.5 Million

	1978 Commissary Sales	Dept. Percent	1979 Civilian Unit Movement
Dry Soup Mixes	$8.2	17.6%	7.1%
Indiv. Dry Soup Mixes			5.6%
Bouillon Cubes	$1.1	2.4%	2.0%
Canned Single Strength	$7.0	15.1%	11.6%
Condensed Soups	$30.2	64.9%	73.7%
Chicken Noodles	$3.7	8.1%	10.7%
Tomato Flavors	$3.5	8.1%	11.3%
Chicken Rice	$2.5	5.5%	4.7%
Mushroom Flavors	$3.4	7.3%	12.1%
Vegetable	$2.0	4.2%	4.3%
Vegetable Beef	$1.6	3.4%	2.8%
Broths	$1.4	3.0%	3.8%
Creamy Chicken	$1.5	3.1%	3.6%
Other Condensed	$10.6	22.8%	20.4%
Consommé & Bouillon			1.3%
Chicken Gumbo			1.0%
Chicken Vegetable			1.3%
Beef			1.2%
Vegetarian Vegetable			2.1%
Minestrone			0.9%
Bean, All Types			1.4%
Beef Noodle			0.7%
Clam Chowder			2.2%
Pea			1.6%
Turkey, All Types			1.1%
All Other			5.6%

Source: Army Times Publishing Co. Research Department & *Chain Store Age Supermarkets*
$ in millions

THE PAST IS NOT THE FUTURE

By Nancy Tucker
and
John A. de Ferrari

QUESTION: Which of the following statements characterizes the current status of construction programs in the resale business:

- *The past is not the future Thank God!*
- *The past is not the future. Oh, God!*

The answer, of course, is that both are equally true. More money is available today for building new exchanges and commissaries than there has ever been. But those additional dollars which have come from increased profits and surcharge funds are being eaten away by inflation in the construction industry.

Every resale system is experiencing deferrments in its construction program. Although inflationary pressures in the food and hardlines businesses have resulted in growing commissary surcharge construction and exchange capital expenditure pots, the inflation rates in these businesses have not been as great as inflation in the construction field.

Every recent discussion with a resale executive has brought this point to the fore.

Bill Cain, the Director of TSA's Midwest Field Office, says it like this: "The cost of construction is outstripping inflation in the food area, and so we've come up with a little shortage in our construction program."

A Navy engineer reluctantly admits that, "We're certainly scratching for the bucks right now."

And it's happened even at big-bucks AAFES. Higher than anticipated sales, favorable foreign exchange rates and lower-than-anticipated operating expenses created a recent five million dollar windfall for the capital expenditures fund. "We have had to delay some of our projects," one headquarters engineer told MILITARY MARKET, "but with the extra money we can now bring them forward. However, that five million won't mean any new projects," he said. "And unless we get some additional money, we'll have to slow down again."

More Stores

The last five years have seen some significant changes in the resale construction business.

On the commissary side of the house, the passage of the Military Construction Authorization Act permitted an additional one percent surcharge to be earmarked for store construction projects, a windfall that is benefitting shoppers on every continent that has a commissary store. Until the passage of the act, stores in each service were being built at about the rate of one a year, far slower than the rate at which many of the old stores were wearing out.

The commissary systems, of course, are still behind the curve in terms of having a plethora of up-to-date facilities. One survey by the Troop Support Agency, for instance, pointed out that Army needed to replace or modernize 126 of its 140 stores. This Herculean task would take more than 25 years to accomplish, at a cost of approximately $475 million.

While the one percent construction surcharge isn't curing all of the systems' old-store ills, it's a long way from the unlamented days when the stores had to compete for appropriated dollars right alongside requests for new housing, schools and headquarters buildings.

(EDITOR'S NOTE: A listing of new major construction and renovation projects begins on page 52 of this issue.)

The exchange services, too, have moved in new directions in the last half decade. Although they haven't experienced a new source of dollars such as has come to the commissaries, every exchange Facilities and Engineering office has been making conceptual design changes which reflect new

merchandising concepts as well as current economic realities.

High on the list of these changes has been the move toward exchange malls instead of strip-type shopping centers. And energy-conserving construction or alternative energy sources are being incorporated into virtually every new exchange design.

The Sun Shines In

The escalating costs of fossil fuels, for instance, is what's behind AAFES' move toward solar and geothermal energy sources.

The big exchange agency became interested in solar energy in 1975, and opened its first generation of solar heated and solar cooled exchanges at Randolph AFB, Tex. and Kirtland AFB, N.M., in 1977. These were demonstration projects to see if solar facilities could be built, and were partially funded by the Department of Energy in a program administered through DoD.

"We thought, for instance, that the payout on Randolph would be about 15 years," says engineer Bill Reardon, chief of the Standards and Criteria Branch at Dallas headquarters. "But that's gone down to eight years, based on the influence of utility costs. The savings at these two places have therefore been higher than we originally projected."

Reardon also pointed out that energy costs are continuing to escalate: they've doubled in the last four years, and are expected to double again in the coming three years.

After its initial excursion into solar projects, AAFES went on to a second generation of solar-assisted stores at Fort Polk, La. and Bolling AFB, D.C. These utilize high-performance vacuum tube solar collectors that generate temperatures higher than the first-generation flat-plate collectors. A third generation of solar projects is now under way.

Currently, of 46 solar projects which have been approved for federal buildings, 21 are AAFES stores.

AAFES is also moving into geothermal energy sources. The recently-opened shopping center at Wright-Patterson AFB, Ohio, is one such project. Water from an underground lake in the area is pumped to the surface, and 20 degrees of heat are removed from it. At Wright-Pat, warm ground water is in essence being used to operate a water-to-water heat pump.

AAFES sources describe geothermal heat as "a very simple, straightforward system that's less complicated than solar." While geothermal can bring energy savings of as much as 50 percent, it's limited in its usage to areas where there are available sources of underground water. Presently, a study is being conducted about a possible geothermal project at Fort Dix/McGuire AFB, N.J.

More Heat Than Light?

While exchanges need alternative sources of heat to come into the store, the commissary systems are more concerned with what to do with the heat they already generate.

"Chiefly because of our refrigeration equipment, our real problem is heat disappation," Col. Donald Hartman, TSA's Director of Facilities and Equipment told MILITARY MARKET. "There is therefore no real need for solar heat. What we're doing is working on heat reclamation projects, using them for space heating and water heating. Heat reclamation is part and parcel of the Corps of Engineers' design policy."

Lighting systems are another area that is receiving attention from commissary engineers.

"We very much have energy in mind," says Charles Pye, NAF Architect/Engineer at Marine Corps headquarters. "Lighting systems are big in both exchanges and commissaries. We're concerned, of course, about the heat that they generate, but we also have some concern about what they do to the appearance of things like meat and fabrics."

The Marines, says Pye, are moving away from incandescent lighting and toward flourescent and other lighting systems. They're also cutting back on foot candles and have reduced foot candleage from about 100 to a level of around 70. "We're trying to light the surfaces of things as opposed to general illumination," explains Pye.

Other energy-saving design and construction trends which have begun to make themselves apparent in resale stores include decreased use of vast expanses of plate glass (to reduce externally-generated heat which then has to be air conditioned) or, conversely, more glass (to save on lighting costs). Some systems are contemplating a move to microprocessors while others favor carefully-monitored time-clocks.

Design And The Future

But energy isn't the sole consideration for new store design, to the relief of operations and merchandising people.

"We're trying not to build permanent fixtures in our exchanges," explains the Marines' Pye. "We're going toward smaller departments with peripheral circulation of traffic. In other words, the building shell is permanent and the inside is as flexible as we can afford."

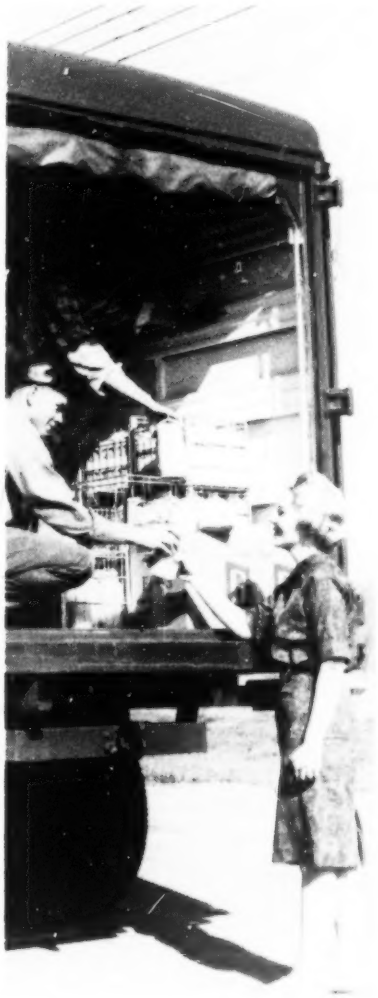
But nobody's getting carried away with innovative designs, either. "I resist jumping off onto new systems until they've proven themselves," says Pye. "After all, we have to pay for them ourselves!"

Central management brought certain personnel and operational changes to the commissaries, and it's had its influence in the construction area as well.

Today there are centrally-conceived design packages which assure that floor plans are as balanced to the needs of operating people as they are to the convenience of the architects. Each commissary system now has standard (but flexible) floorplan criteria that are furnished by headquarters offices to architectural and construction agencies.

What's ahead in design and construction? Well, the past — the recent past, anyway — is a good indicator of where construction programs are headed. Dollars are going to continue to be spent for new stores, but there are probably going to be continued deferrments because of the slippage in constant dollars. Nevertheless, resale engineers are attempting to offset some of this by programming for increasingly energy-efficient stores.

So we're not likely to return to the dark ages of no new stores. New stores still will be coming online, but at a slower rate. And the ones that are built are likely to be sleek, modern, and *very* energy efficient.



AAFES MAJOR CONSTRUCTION PROJECTS

INSTALLATIONS	PROJECT	$000	SIZE	OPENING DATE
Vogelweh, Germany	Expand Shopping Ctr.	$2547	20,065	May '80
Vandenberg AFB, CA	Shopping Mall	$3871	52,718	July '80
Hickam AFB, HI	Expand Shopping Ctr.	$1472	18,507	July '80
Wright Patterson AFB, OH	Shopping Mall w/ Com.	$4280	69,140	Aug. '80
Fort Bliss, TX	Convenience Store	$284	3,150	Sept. '80
Hickam AFB, HI	Convenience Store	$821	7,000	Sept. '80
Malmstrom AFB, MT	Expand Shopping Ctr.	$2891	26,814	Oct. '80
Keesler AFB, MS	Expand Service Sta.	$413	1,800	Nov. '80
Schweinfurt, Germany	Expand Shopping Ctr.	$1273	12,080	Nov. '80
Fort Hunter Liggett, GA	Service Sta.	$234	1,500	Dec. '80
Kelly AFB, TX	Main Exchange	$753	8,960	Feb. '81
Fort Polk, LA	Convenience Store	$374	3,150	Feb. '81
Arnold AFB, TX	Main Ex. And Com.	$619	7,343	Mar. '81
Reese AFB, TX	Shopping Mall	$2130	35,100	Mar. '81
England AFB, LA	Shopping Mall	$2313	35,100	Mar. '81
Kunsan AB, Korea	Service Sta.	$268	2,160	Mar. '81
Osan AB, Korea	Expand Main Ex.	$427	6,060	Mar. '81
Aliamanu, HI	Expand Convenience Store	$705	5,100	Mar. '81
Fort Polk, LA	Fast Food Facility	$523	3,665	Mar. '81
Fort Polk, LA	Filling Station	$346	256	Mar. '81
Fort Stewart, GA	Convnce. Store w/ Gas Pumps	$366	3,150	Mar. '81
Giessen, Germany	Convenience Store	$564	6,000	Mar. '81
McConnell AFB, KS	Shopping Mall	$1837	30,695	Apr. '81
Columbus AFB, MS	Shopping Mall w/ Com.	$1988	29,653	Apr. '81
Travis AFB, CA	Expand Shopping Ctr.	$2384	14,840	Apr. '81
Myrtle Beach AFB, SC	Expand Shopping Ctr.	$1504	19,604	Apr. '81
Fort Sill, OK	Convenience Store	$339	3,150	Apr. '81
Randolph AFB, TX	Convenience Store	$444	4,200	Apr. '81
Altus AFB, OK	Shopping Mall	$2171	35,100	May '81
Langley AFB, VA	Expand Service Sta.	$400	2,434	May '81
Little Rock AFB, AR	Convenience Store	$479	4,200	May '81
Fort Bragg, NC	Convnce. Store w/ Gas Pumps	$474	3,150	June '81
Incirlik, Turkey	Expand Main Ex.	$1995	18,000	July '81
Griffiss AFB, NY	Convenience Store	$396	4,200	July '81
Fort Ord, CA	Launderette	$389	3,200	Aug. '81
Fort Buchanan, PR	Relocate Shopping Ctr.	$3357	31,606	Sept. '81
Pease AFB, NH	Shopping Mall	$2876	46,900	Sept. '81
Carswell AFB, TX	Expand Shopping Ctr.	$1502	16,665	Sept. '81
Fort Gillem, GA	Relocate Shopping Mall	$1797	50,200	Sept. '81
Stuttgart, Germany	Expand Shopping Ctr.	$5924	42,000	Sept. '81
Cameron Station, VA	Convenience Store	$1209	13,934	Oct. '81
Fort Lewis, WA	Expand Shopping Ctr.	$3466	43,124	Oct. '81
Wurtsmith AFB, MI	Convenience Store	$419	3,150	Oct. '81
Bolling AFB, DC	Filling Station	$336	600	Nov. '81
Offutt AFB, NB	Expand Service Sta.	$337	6,060	Nov. '81
Bitburg AB, Germany	Expand Main Ex.	$1131	14,000	Dec. '81
Fort Hood, TX	Convenience Store	$587	7,000	Dec. '81
Scott AFB, IL	Expand Shopping Ctr.	$2333	23,458	Dec. '81
Barksdale AFB, LA	Convenience Store	$350	4,212	Dec. '81
Eglin AFB, FL	Mini-Mall	$980	10,651	Dec. '81
Fort Hood, TX	Expand Service Sta.	$225	3,024	Dec. '81
Fort Lewis, WA	Convenience Store	$571	4,212	Dec. '81
Luke AFB, AZ	Convenience Store	$536	4,212	Dec. '81
Fort Hood, TX	Central Kitchen	$855	14,060	Jan. '82
Travis AFB, CA	Convenience Store	$585	4,212	Jan. '82
Tobyhanna ARD, PA	Main Exchange	$1075	17,890	Feb. '82
Chanute AFB, IL	Convenience Store	$521	4,212	Feb. '82
Holloman AFB, NM	Expand Shopping Ctr.	$894	10,275	Feb. '82

ARMY COMMISSARIES, MAJOR PROJECTS

INSTALLATIONS	PROJECT	$000	SIZE	OPENING DATE
Fort McClellan, AL	Main Store (Mall)	$4559	54,570	Feb. '80
Camp Zama	Equip. for new store	$31	equip. only	Mar. '80
Fulda, Germany	Equip. for new store	$199	equip. only	July '80
Heilbronn, Germany	Main Store	$3418	14,478	Sept. '80
Aschaffenburg, Germany	"	$4558	34,020	Dec. '80
Fort Greely, AK	"	$1887	6,000	Feb. '81
Taegu, Korea	"	$1665	48,952	Mar. '81
Fort Gillem, GA	"	N.A.	85,520	Aug. '81
Heidelburg, Germany	"	$3159	81,855	Sept. '81
Fort Belvoir, VA	"	$10746	117,720	Dec. '81
Fort Buchanan	"	N.A.	25,900	Dec. '81
Schweinfurt, Germany	"	"	45,750	Dec. '81
Kitzingen, Germany	"	"	41,580	Sept. '82
Fort Benj. Harrison, IN	"	"	58,753	Dec. '82
Hanau, Germany	Main Store (mall)	"	105,930	1982*
Fort Leavenworth, KS	"	"	71,125	June '83
Fort Lewis, WA	Main Store	"	3,300	Mar. '83
Fort George G. Meade, MD	"	"	114,480	1983*
Fuerth, Germany	"	"	85,065	1984*
Patch Barracks, Germany	"	"	41,177	1984*
Fort Jackson, SC	"	"	71,150	1985*
Yong San, Korea	"	"	19,038	1985*
Presidio of S.F., CA	"	"	76,345	1986*
West Point, NY	"	"	63,665	1986*
Wuerzburg, Germany	"	"	59,118	1987*
Fort Myer, VA	"	"	104,650	1988*
Carlisle Barracks, PA	"	"	12,000	1988*

*year construction is to begin; project planning in definition phase

MARINE CORPS EXCHANGE MAJOR PROJECTS*

INSTALLATION	PROJECT	$000	SIZE
Cherry Point, NC	Convenience Store	N.A.	3,740
Cherry Point, NC	Ex. Complex	$5268	96,624
Camp Lejeune, NC	French Creek Ex.	N.A.	14,400
" (Berkeley Manor)	Loc. Ex.	N.A.	7,210
" (New River Air Sta.)	Exchange	N.A.	20,000
" (Courthouse Bay Loc.)	Exchange	$472	7,200
Parris Island, SC	Air Condition Ex.	$150	—
" (Triangle Branch)	Exchange	$731	7,500
"	Woman Marine Rec. Is & Beauty Shop	$219	2,048
Yuma, AZ	Modify Svce. Sta.	N.A.	925
Twentynine Palms, CA	Fast Food Rest.	N.A.	3,000
Twentynine Palms, CA	Enlarge Retail Sales Area	N.A.	4,278
Camp Pendleton, CA	Wire Mtn. Loc. Ex.	N.A.	7,200
" (Horno Area)	Loc. Ex.	$706	7,000
San Diego, CA	Ex1. Outlet Bldg. 9	N.A.	16,450
Iwakuni, Japan	Temp. Controlled Whse.	N.A.	2,000

*projects under construction as of August 1, 1980

NAVY COMMISSARIES AND EXCHANGES, MAJOR PROJECTS

INSTALLATION	PROJECT	$000	SIZE	B.O.D.
PSNS Bremerton, WA	Food Svcs. Addn.	$993	15,000	June '80
NAS Cecil Field, FL	Retail & Svcs. Exp.	$1435	16,600	June '80
NWS Charleston, SC	Retail Store	$1418	25,000	July '80
NS San Diego, CA	Canopy & Gas Pump Is.	$251	4 Pump Is.	July '80
NAS Barbers Point, HI	Services Bldg.	$653	15,000	Aug. '80
NB Pearl Harbor, HI	Bevg. Store, Gas Pumps	$538	4,000	Oct. '80
NS San Diego, CA	Fleet Exchange	$1861	25,800	Oct. '80
NSB New London, CT	Convenience Store	$600	6,200	Nov. '80
NSA Mare Island, CA	New Comstore	$3000	34,000	Jan. '81
NB Norfolk, VA	Fast Food Outlet	$448	3,000	Feb. '81
NAS Oceana, VA	Convenience Store Addn.	$570	7,000	Apr. '81
NB Norfolk, VA	Tire Center	$250	5,400	May '81
NAS Dallas, TX	Warehouse Addn.	$367	10,000	May '81
NTC Great Lakes, IL	NEX/CS Complex	$5300	114,000	June '81
NSB New London, CT	NEX/CS Complex	$4500	105,000	June '81
NAS Moffett Field, CA	Store Addn.	$700	5,000	June '81
NTC Great Lakes, IL	New Comstore	$3129	47,600	June '81
NS Keflevik, Iceland	Warehouse	$2130	39,000	June '81
NAS Brunswick, ME	NEX Complex	$2560	48,500	July '81
NAB Little Creek, VA	Convenience Store	$1260	25,300	Aug. '81
NAS Pensacola, FL	Gas Pumping Facility	$150	2 pump is.	Aug. '81
NSA Long Beach, CA	Convenience Store	$549	5,000	Sept. '81
NRMC Oakland, CA	Service Station	$273	2,200	Sept. '81
NRMC Portsmouth, VA	NEX Complex	$1100	16,000	Sept. '81
NSA Long Beach, CA	Comstore	$3300	50,000	Oct. '81
NSA New Orleans, LA	NEX Complex	$3091	47,000	Jan. '82

AIR FORCE COMMISSARIES, MAJOR PROJECTS

INSTALLATION	PROJECT	$000	SIZE	B.O.D.
Tyndall AFB, FL	New Store	$3577	73,500	Jan. '80
RAF Bentwaters England	"	$3455	51,750	Mar. '80
Nellis AFB, NV	"	$3647	63,000	Apr. '80
Cannon AFB, NM	"	$1961	43,500	June '80
Elmendorf AFB, AK	"	$6198	61,700	July '80
Holloman AFB, NM	"	$2459	36,154	July '80
Wright/Patterson, OH	"	$4359	92,350	Aug. '80
Eglin AFB, FL	Warehouse Addn.	$1468	30,172	Aug. '80
Myrtle Beach, SC	"	$588	13,100	Aug. '80
Randolph AFB, TX	New Store	$5109	87,339	Sept. '80
March AFB, CA	"	$3400	60,806	Sept. '80
Whiteman AFB, MC	"	$3358	48,292	Sept. '80
McClellan AFB, CA	Com. Modif.	$480	N.A.	Sept. '80
Hanscomb AFB, MA	New Store	$3900	80,549	Oct. '80*
Kadena AFB, Japan	"	$945**	81,000	Oct. '80*
Chanute AFB, IL	"	$5229	74,000	Nov. '80*
Little Rock AFB, AR	"	$4292	89,738	Nov. '80*
Andrews AFB, MD	"	$4658	94,454	Dec. '80*
Patrick AFB, FL	"	$5483	86,000	Jan. '81*
Dyess AFB, TX	"	$3956	54,923	Jan. '81*
Seymour Johnson AFB, NC	Commissary Addn.	$2230	18,585	Jan. '81*
Arnold AFB, TN	New Store	$1740	19,968	Mar. '81*
Columbus AFB, MS	"	$2570	51,000	Apr. '81*

*completion date (B.O.D. unavailable)

**includes only cost of fixtures and equipment. Japan finances actual construction.

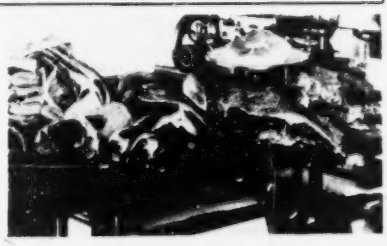
COAST GUARD COMMISSARIES AND EXCHANGES, MAJOR PROJECTS

No major construction projects have been approved at this date.

MARINE CORPS COMMISSARIES, MAJOR PROJECTS

INSTALLATION	PROJECT	$000	SIZE	B.O.D.
MCRD Parris Island, SC	Main Store	$2338	33,000	1981
MCAS Cherry Point, NC	Main Store (Mall)	$2178	48,000	1981
MCB Camp Lejeune	Improve Main Store & Annex	$345	N.A.	N.A.
MCLB Albany, GA	Main Store	$2200	33,000	1981
MCAS Kaneohe Bay, HI	Improve Main Store	$250	N.A.	N.A.
MCAS Iwakuni, Japan	Main Store	$1600*	N.A.	1983
MCLB Barstow, CA	Main Store	$1500*	N.A.	1984
MCAS(H) New River, NC	Branch Store	$1500*	N.A.	1985

*estimate



Military Market INDEX

COMMISSARIES

		MAY			YEAR-TO-DATE		
		CY'80	CY'79	% CHANGE	CY'80	CY'79	% CHANGE
AIR FORCE	CONUS	$121,919	$114,923	+6.1	$576,457	$542,703	+6.2
	OVERSEAS	25,312	22,712	+11.4	117,740	104,536	+12.6
	TOTAL	147,231	137,635	+7.0	694,197	647,239	+7.3
ARMY	CONUS	92,144	86,433	+6.6	433,680	400,540	+8.3
	OVERSEAS	29,016	25,263	+14.9	133,328	121,555	+9.7
	TOTAL	121,160	111,696	+8.5	567,008	522,095	+8.6
NAVY	CONUS	49,226	47,294	+4.1	229,450	217,654	+5.4
	OVERSEAS	6,060	5,445	+11.3	27,836	25,524	+9.1
	TOTAL	55,286	52,739	+4.8	257,286	243,178	+5.8
MARINES	CONUS	10,056	9,795	+2.7	47,373	44,645	+6.1
	OVERSEAS	165	167	-1.2	743	763	-2.6
	TOTAL	10,221	9,962	+2.6	48,116	45,408	+6.0
COAST GUARD	CONUS	434	414	+4.8	2,176	2,162	+0.6
	OVERSEAS	128	142	-9.9	667	599	+11.4
	TOTAL	562	556	+1.1	2,843	2,761	+3.0
ALL COMMISSARIES	CONUS	273,779	258,859	+5.8	1,289,136	1,207,704	+6.7
	OVERSEAS	60,681	53,729	+12.9	280,314	252,977	+10.8
	TOTAL	$334,460	$312,588	+7.0	$1,569,450	$1,460,681	+7.4
GROCERY STORES	U.S.[1]	$18,276 bil.	$16,055 bil.	+13.8	$84,692 bil.	$75,506 bil.	+12.2

EXCHANGES

AAFES	CONUS	$192,569	$167,649	+14.9	$849,841	$755,347	+12.5
	OVERSEAS	135,694	116,195	+16.8	641,356	564,416	+13.6
	TOTAL	328,263	283,845	+15.6	1,491,197	1,319,763	+13.0
NAVY	CONUS[2]	83,625	71,771	+16.5	370,037	323,853	+14.3
	OVERSEAS[2]	32,283	28,391	+13.7	147,923	136,529	+8.4
	TOTAL[2]	115,908	100,162	+15.7	517,961	460,384	+12.5
MARINES	CONUS	24,004	20,987	+14.4	106,904	97,283	+9.9
	OVERSEAS	3,626	3,191	+13.6	16,692	14,680	+13.7
	TOTAL	27,631	24,178	+14.3	123,597	111,963	+10.4
COAST GUARD	CONUS[3]	4,840	4,723	+2.5	22,096	22,168	-0.3
	OVERSEAS[3]	610	596	+2.4	2,787	2,797	-0.3
	TOTAL[3]	5,451	5,318	+2.5	24,883	24,964	-0.3
ALL EXCHANGES	CONUS	305,038	265,130	+15.0	1,348,878	1,198,651	+12.5
	OVERSEAS	172,213	148,373	+16.1	808,758	718,422	+12.6
	TOTAL	$477,251	$413,503	+15.4	$2,157,636	$1,917,073	+12.6
DEPARTMENT STORES	U.S.[1]	$7,742 bil.	$7,157 bil.	+8.2	$32,546 bil.	$30,082 bil.	+8.2

Individual figures may not add to totals, due to rounding. All sales are expressed in millions (add 000), except for grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges, and exchange sales include concession volume and mail order sales.

[1] Source: U.S. Department of Commerce.

[2] Does not include sales of ship stores.

[3] MM estimate, based upon official data.

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Fightin' the Blues

Retailin', Wailin', and R&R

p.34

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MAGAZINE FOR THE MILITARY RETAIL SYSTEM OCTOBER 1980
ARMY TIMES PUBLISHING COMPANY VOLUME 31, No. 10

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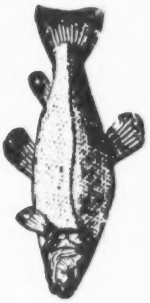

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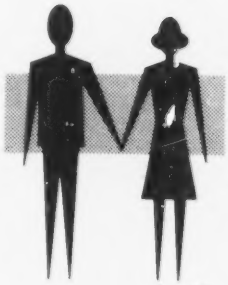

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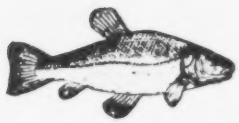
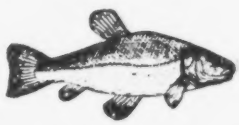
A POTPOURRI OF POTENTIALS

By John A. de Ferrari





While chili and corned beef look good for the coming year, Vienna Sausages don't. Canned ham is up, but salmon's down. Tuna supplies may be tighter than ever. — What's going on here? Read on . . .

THE CANNED MEAT AND FISH category might as easily be referred to as "Miscellaneous." The only thing these various beef, pork and fish products share in common is their animal origins and their final destination in cans.

There are some products — most canned meats, for instance — that move at fairly stable rates. Others, particularly canned fish products, are more susceptible to fluctuating supply patterns. Likewise, consumer interest in some canned meat and fish products is gradually declining (a good example being Vienna sausages), while other types (like tuna and chili) are gaining ground. The only way to give an accurate account of the category is to discuss each product type separately.

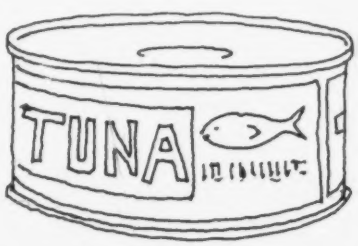
No More 'Mr. Nice Country'

The canned tuna industry is currently in plenty of hot water: 40 to 45 percent of all light tuna sold in the U.S. is either fished in Mexican waters or brought into the United States through Mexico. And all of that tuna has now been cut off by an embargo that took effect in July.

The situation is strictly political and entirely out of the hands of tuna processors. It came about this July when the Mexican government decided to enforce its 200 mile fishing limit along Mexico's western coast.

Before this time, American tunaboats were in the habit of sailing out of San Diego and fishing in Mexican waters — free of charge. An informal agreement on the matter was supposedly in effect between the two nations, but the Mexicans decided they could no longer afford to be "Mr. Nice Country," and to show they meant business about their 200 mile limit, they seized six U.S. tunaboats and confiscated their catches.

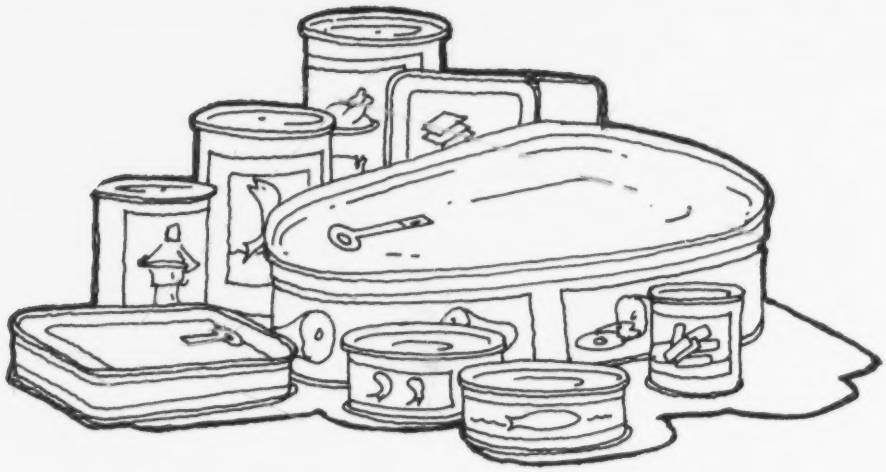
Under authority of the Fisheries Management and Conservation Act of 1976, the U.S. declared an immediate embargo on all Mexican tuna and tuna products. A spokesman for the Marine Fisheries Service told MILITARY MARKET that no progress had yet been made in resolving the problem.

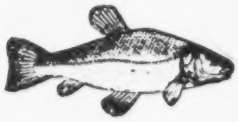


A representative of the Mexican government explained that U.S. tunaboats would be free again to fish in Mexican waters as soon as they purchased special tuna permits, and that these permits are being required in order to preserve the species. The American argument against the permits is that a migratory species like tuna cannot be regulated by the country near which it happens to swim.

As the controversy continues, commissary store managers will have to expect some problems with availability of chunk light tuna. Smaller supplies may mean price hikes as well, if Mexican tuna continues to be cut off for a prolonged period of time.

The Mexican situation aside, tuna catches this year have been "fair," industry officials have said, "but not in the volumes we've had before." And the worldwide demand for the product con-





tinues to be high in terms of the supply that can be provided.

Tuna prices are likely to keep on rising, as they have been doing in the past. Processors continue to complain of their escalating costs for labor and materials such as tinplate. A particular problem with the tuna business is that it is a "tremendously fuel-intensive industry," one MSM told MILITARY MARKET. Tunaboats spend very little time in port, and may burn from 200,000 to 250,000 gallons of diesel fuel on each fishing trip. And no one needs to be reminded of the rising cost of petroleum fuels.

Best Bargain

On the bright side of the industry, tuna can still be characterized as one of the best bargains in protein foods, and nutrition-conscious shoppers are not likely to lose interest in the product. In fact, government figures show per capita consumption to be increasing gradually over the past decade. Health-aware consumers have also been bringing increasing sales to water-packed tuna instead of oil-packed: sales now average around 60 percent water-packed to 40 percent oil-packed.

As the calendar moves toward November and December — the ham season in the canned meat business — VPRs on tuna in commissaries will be fatter to try to keep the product moving. Canned fish and fish products generally pick up on their own during the Lenten season, and promotional activity generally falls back during that time of the year.

No Record Catch

1980 probably would have seen the biggest North Pacific salmon catch in years — but angry fishermen intervened. Faced with the prospect of greatly over-producing and accordingly netting low prices for their catches, the fishermen went on strike earlier this season. And while they were on strike, a full third of the potential salmon harvest swam upstream, spawned, and became useless for consumption.

The reason for the fishermen's unrest has to do with the unusual international market situation that occurred last year.

It all began with something similar to the Mexican tuna scenario: Russia decided to severly limit Japanese fishing privileges within the 200 mile zone around Siberia. The Japanese, needing to provide for a very big domestic demand, offered to pay unusually high prices for red salmon from the U.S. And the Japanese demand drove U.S. salmon prices during the 1979 season to an unprecedented high.

But then the Japanese market suddenly collapsed when Japanese consumers resisted the high prices and stopped buying imported salmon. This year the Japanese market was "virtually nil," according to one industry spokesman. The Japanese would purchase at only very low rates.

The net effect of the Japanese actions, aside from driving prices way up last year, was to throw a proverbial monkey wrench into the whole machinery of the salmon market. One major West Coast salmon fishery, the New England Fish Company, went bankrupt this May after investing heavily in the Japanese market. And fishermen would not have gone on strike if the Japanese actions hadn't left salmon prices plummeting at the beginning of this season. The watermen finally settled for a

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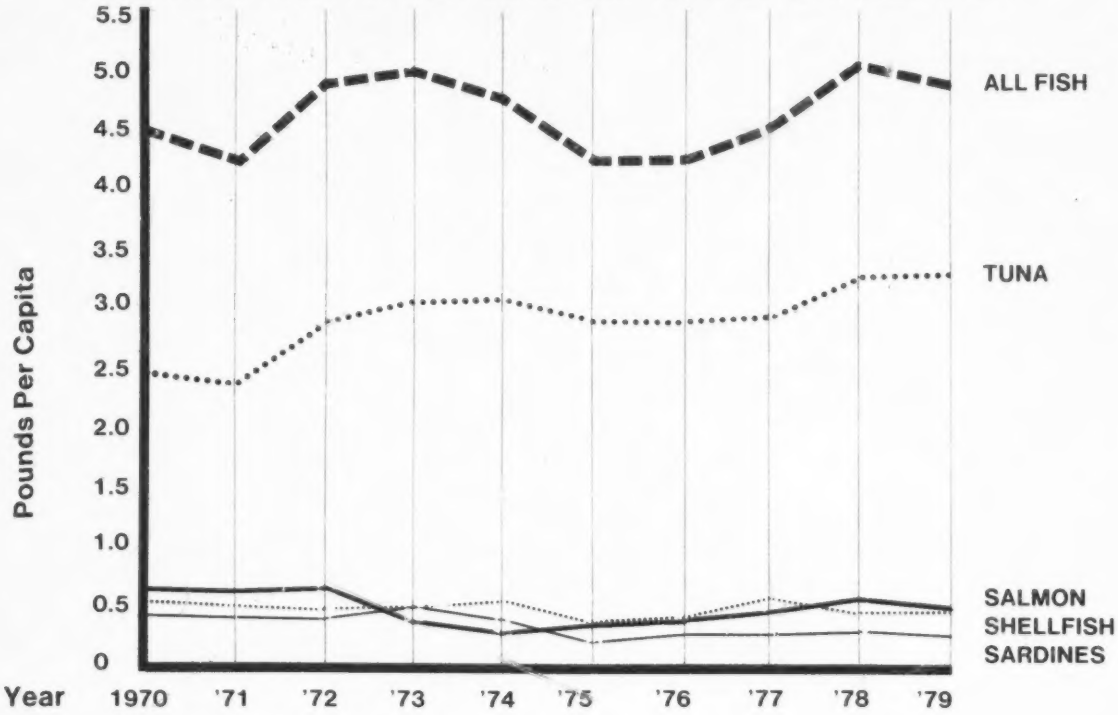
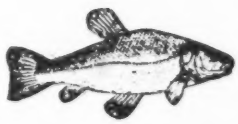
Canned Meats and Fish

WAVERING HABITS: U.S. CONSUMPTION OF CANNED FISH



Source: Commerce Department, National Marine Fisheries Service



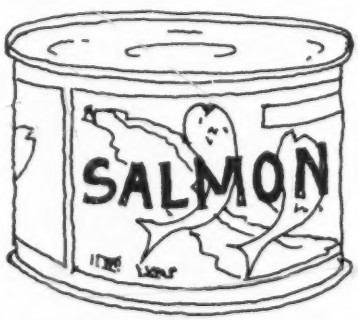
price somewhat lower than 1979's record high, but still higher than what they had at first anticipated.

From the consumer side, however, the situation appears much brighter. The two-thirds of the red (Sockeye) salmon harvest that was actually caught yielded a very good supply, despite the numbers of fish that were lost. This year's pack of red is therefore approximately 20 percent larger than last year's, according to the Canned Salmon Institute.

Figures for pink salmon were not yet in at MILITARY MARKET press time. The catch was "running a little behind," an industry spokesman explained, but might well pick up before the season concludes. Figures for Chum salmon, which accounts for only a small proportion of the total canned salmon market, were still pending at press time.

All in all, both prices and supplies should stay quite close to last year's levels. And in inflationary times, an unchanging price can represent a very attractive consumer buy.

As the charts accompanying this story show, it is difficult to say anything about "trends" in consumer consumption of salmon. There is always a high enough demand to absorb whatever supply can be produced, but the U.S. must compete with a high global demand, especially from the United Kingdom and Common Market countries. Hence the market is never too soft.



There is generally a lot of fluctuation in salmon production from year to year since salmon is caught only in a specific season (summer) and in a specific area (the northern Pacific Ocean), as opposed to a product like tuna, which is caught year-round in many different locations.

An industry spokesman described the difference in salmon types: "There's not much difference among the three species in terms of food value and flavor, but the red salmon is most highly prized because of its red color. Pinks have less color and are less expensive, while Chums, the least expensive variety, have the least color. It's almost entirely a matter of looks."

Despite salmon's variability, the industry makes the general

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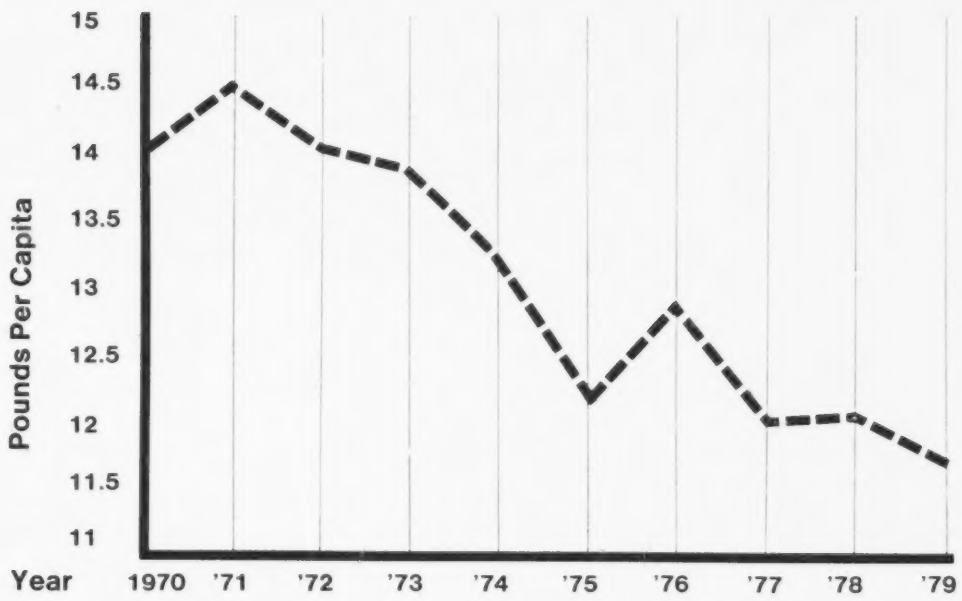
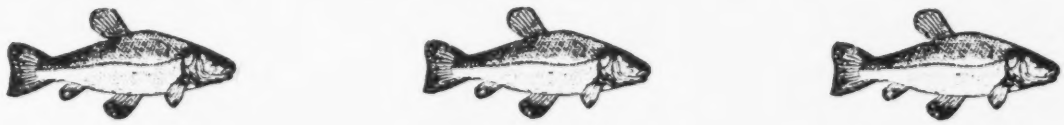
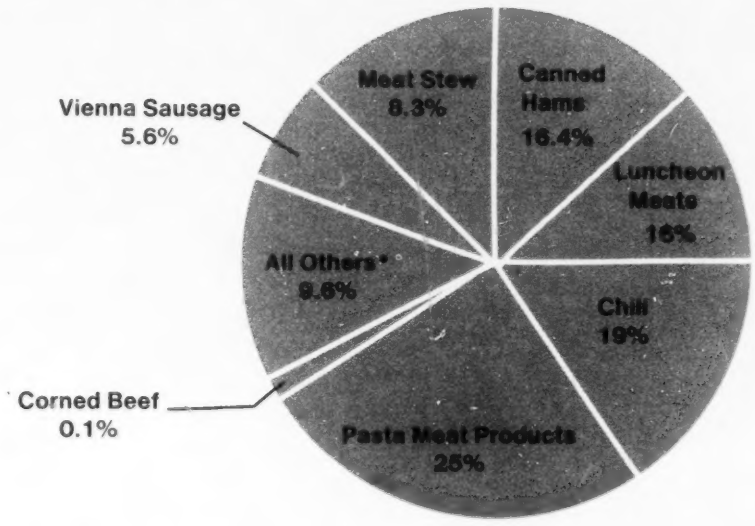
SLIPPING: U.S. CONSUMPTION OF CANNED MEATS 1970-1979



Source: USDA, National Meat Canners Association



U.S. VOLUME BREAKOUT OF CANNED MEAT VARIETIES, CY 1979



*Foods containing more than 20 percent meat.
Source: National Meat Canners Association

Canned Meats and Fish

(Continued From Page 22)

prediction that there will be a relative abundance of salmon over the next two to three years. Inflating costs for equipment, labor and processing will raise prices in the future, but at only a moderate rate.

A Mixed Bag

Figures for U.S. consumption of canned meats indicate that Americans are gradually cutting down on the canned meat segment of their diet, though the rate of decline is slight. Production of canned meats was down in 1979 from 1978's level, and will probably not increase much during 1980, according to the National Meat Canners Association.

The important thing to keep in mind is that not all canned meats are behaving the same way. Some are gaining in popularity while others are dropping off. MILITARY MARKET reported last year that canned chili was growing in sales at a rate of eight to 10 percent a year, and that trend is continuing this year. Other Mexican foods, such as tamales, are also growing. **Hormel** reports that its Tender Chunks line of canned ham, turkey and chicken — which competes directly against the canned tuna market — is doing very well. Canned corned beef is another product type that is gaining in sales, though it represents less than one percent of the total market.

So which products have been dropping off? In MILITARY MARKET's telephone survey of major processors, Vienna sausage was a frequently-mentioned ground-loser. Manufacturers concurred that the reason for the decline in sales has been the product's price sensitivity. Consumers have been responding to higher prices in Vienna sausages by simply not purchasing as many cans as in the past. One MSM who talked with MILITARY MARKET thought that a lack of promotional activity could be to blame as well.

Other canned meat products which have tended to flatten out in recent years have been potted meats, hash and beef stew.

Of course, the sales and pricing of canned meats are related to identical factors in the fresh meat business. Fresh meat prices tend to be much more erratic than canned prices, and if fresh meat suddenly goes up, store managers can often find that they are experiencing better sales in their canned meat categories as consumers look for more attractive alternatives to fresh meats. Competition between the categories can even override other processing cost considerations, as when plentiful fresh pork last year created a downward pressure on canned pork prices.

Pork Turns Around

Pork represents one of the biggest areas of difference between this year and last. Hog farmers reacted to the low prices they were getting last year by producing significantly less pork this year. Substantial price increases for canned hams have already been announced and may be followed by more of the same.

Plumrose, the purveyor of imported Danish canned hams, recently announced a domestic American canned product, but the company is finding that the domestic ham may be as expensive as the imported line. "This is a very unique situation," MILITARY MARKET was told, "and it reflects the high inflationary action that has struck the domestic market."

But sales of canned hams "are not really down," one MSM said. "The consumer is buying more pork of all kinds because beef is so expensive."

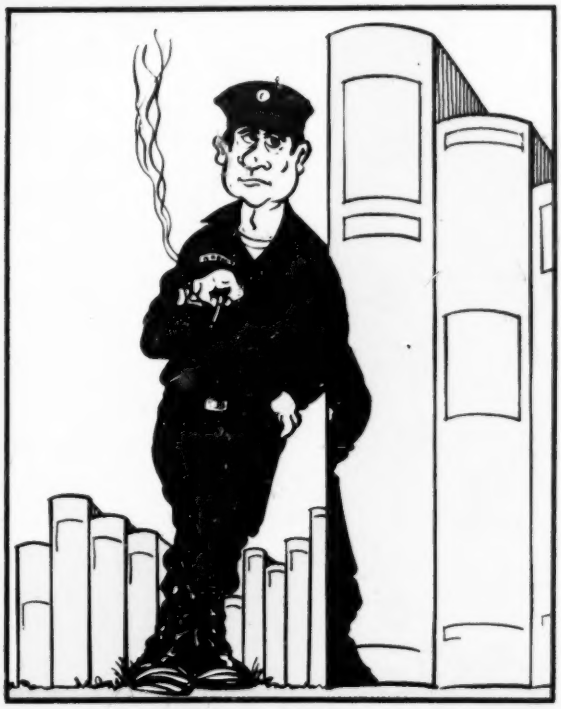
Promos and Demos

Imported canned hams, said one industry source, have such a low profit margin to the manufacturer that promotional allowances are only available at two to three percent. Or they aren't available at all.

But that feeling is not shared by some other manufacturers. One industry source said that "the high impulse characteristics of canned meats make them a highly favorable business for promotional activity." He predicted that his company's promotional activity would continue at its present rate.

Dennis Stewart, of **Armour-Dial,** told MILITARY MARKET that his company would continue aggressively to offer VPRs in the military. "Our products do well in the military, and we are very happy with their business," he said.

Armour-Dial also plans to offer in-store demos in commissaries for their chili and Treet luncheon meat lines. An attendant will be on hand at the demos to offer product samples to commissary shoppers in addition to 20¢-off coupons. Such aggressive marketing techniques are inevitably effective in drumming up extra sales. MM



Fightin' the Blues

By Susanne D. Williams

Sales of printed paper goods have been slack over the past years, forcing publishers, wholesalers and retailers to revamp their sales strategies. While profiting from them, exchange officials can also zero in on the latent reading and writing needs of their customers, whose sometime unhappiness with the military lifestyle can be fertile ground for new and exciting sales approaches.

RUMOR HAS IT that Johnnie can neither read nor write.

Reading scores, writing ability and general literacy of Americans are getting progressively worse, and the same sad saga emerges from all corners of the military establishment: G.I. Joe — Johnnie's military counterpart — is having difficulties in reading manuals and writing reports in a half-way coherent manner.

If such findings give heartburn to military commanders, they can as easily give headaches to those retailers in the military system concerned with the sales of books, magazines and stationery articles. Given the somber prognoses about customers' declining reading and writing abilities, selling books and magazines sounds like a chore tantamount to selling ice cubes to Eskimos.

G.I. Joe (and Jane) as well as their families are also spending a great deal of their leisure time watching TV, thus further compounding the problem of making them go back to books, these "lighthouses erected in the sea of time."

Facts And Figures

As a result, doom and gloom should be the reigning force in the world of printed paper. Yet, books, magazines and writing articles are still selling and, for that matter, not too badly.

In the civilian world, book sales amount to $6.3 billion and sales of writing instruments just reached a record high in 1979 with 2.97 billion units sold at $704 million at the wholesalers' level. During the same year, 443 million magazines were sold through subscriptions and in retail stores.

In the military, books, magazines and stationery articles were sold to the tune of $155 million in 1979 of which, extrapolating from AAFES and NAVRESSO figures, approximately $45 million were spent on books and magazines alone.

In addition, Stars and Stripes bookstores, serving the reading needs of service personnel and their families overseas, reported book and magazine sales in Europe for 1979 in the amount of $27 million.

Those figures show that G.I. Joe and Jane are still reading and writing to some extent. "To some extent," however, is hardly good enough for manufacturers and retailers who have a vested interest in pushing sales up higher.

1979 BOOK/MAGAZINE/STATIONERY SALES: AAFES AND NAVRESSO

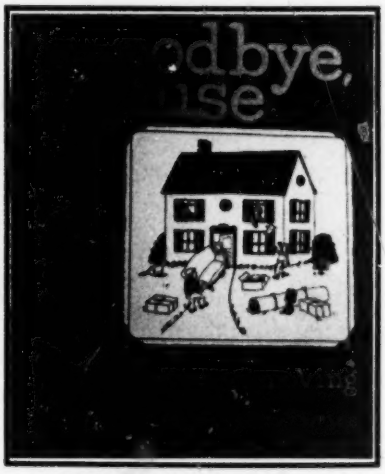
	AAFES Department 6		NAVRESSO Departments C-2 & C-3	
Books, Magazines, Newspapers, Comics	**$35,072,455**	**31.9%**	**$9,550,000**	**31.0%**
Books	N/A	N/A	$3,820,000	12.4%
Mag./Newsp./Com.	N/A	N/A	$5,730,000	18.6%
Office Supplies	**$27,816,000**	**25.3%**	**$8,775,000**	**28.5%**
Paper Supplies	$11,764,115	10.7%	N/A	N/A
Stationery	$5,057,470	4.6%	N/A	N/A
Crayons/Art Supplies	$2,748,625	2.5%	N/A	N/A
Writing Instruments	$8,245,875	7.5%	N/A	N/A
Greeting Cards/Party Goods/Giftwrap	**$27,156,000**	**24.7%**	**$8,595,000**	**27.9%**
Greeting Cards	$12,753,620	11.6%	N/A	N/A
Decorations/Party G.	$6,266,865	5.7%	N/A	N/A
Wrapping Material	$8,135,930	7.4%	N/A	N/A
Typewriters/Calculators	**$17,151,420**	**15.6%**	**$2,925,000**	**9.5%**
Miscellaneous	**$1,682,100**	**2.5%**	**$955,000**	**3.1%**
Playing Cards, Decals	$1,682,100	2.5%	N/A	N/A
Gift Items	N/A	N/A	$955,000	3.1%
TOTAL	**$109,945,350**	**100%**	**$30,800,000**	**100%**

Increased sales are particularly needed in the area of books and magazines which have begun to lag behind those of home office supplies, a category that AAFES reports as the fastest growing one in the book and stationery department.

The rush on files, paper clips, staplers and other home office supplies appears to be a logical outgrowth of the increasing amount of paperwork required from families in the 1980s. In the past, acts of record-keeping, form-filing and corresponding were often accomplished with a little (not always legal) help of supplies "borrowed" from places of work. But families have become more and more aware of the fact that neat filing systems, orderly book-keeping and the proper utensils to

(Continued On Page 36)

THE BIC ROLLER combines the qualities of a porous-point pen with that of a ball pen. The "roller' is the latest entry into the rolling pen market.



"GOODBYE, HOUSE" is a novel approach to easing the pain of moving on children. The workbook brims with ideas on what to do before, during and after the move, leaving ample room to let children write down and illustrate their experiences. A short guide for parents is included. Published by Harmony Books, New York.

do the job are necessary to stay abreast of the paper tide.

No Books, No Sales

Books and magazines, on the other hand, are more of a luxury item for which no urge or necessity exists. Not only are they items without obvious utilitarian value, they also compete with other forms of entertainment for those precious hours left after work.

For booklovers who would rather go without food than reading material, such thought processes do not exist. They will buy and read books regardless of other concerns, but for retailers their numbers are too small to rejoice.

"A small percentage of people reads books with any regularity," said Thomas D. McKee, VP of the Association of American Publishers. The majority, however, is too busy with other things, too disinterested or, plainly, incapable.

Books and magazine sales, overall, have increased very little over the past years. Although dollar sales have gone up, they reflect more the staggering increase of paper, postage and print costs than an actual growth in unit purchases.

To combat such bashful buying behavior, publishers and retailers are more and more looking at products with sharp marketing eyes. No longer content to stack magazines and books in racks and shelves, hoping that the product will sell itself, they have sought — and found — new outlets like supermarkets and drugstores and beefed up sluggish sales with TV ads and other promotional activities.

Rules Rule

Military retailers have profited some by the growing marketing efforts, but have also been hindered by rules and regulations pertaining to the printed goods.

For one, periodicals cannot be sold in commissaries, retail outlets which in the civilian world are more and more becoming the arena for sales. Since soaring postal rates and other subscription problems have shifted the emphasis to single copy sales, food and drugstores have begun to realize and maximize the profit potential of periodicals with 20 to 40 percent profit margins.

DoD Directive 1330.17, which lists the product categories allowed for commissary resale, does not include periodicals. According to a DoD spokesman, "The principal purpose of commissaries is to provide grocery and household items for patrons, and periodicals are not considered an appropriate item for commissaries."

At least one publisher has tried to overcome this hurdle, and internal discussions have taken place among commissary personnel. But nobody sees a push for including periodicals as commissary items or, for reasons of space and personnel, considers their inclusion feasible.

Aides to members of the Non-Appropriated Funds Panel of the House Armed Services Committee, the crucial decision making body in the process to change directives, told MILITARY MARKET that members at this point are not committing themselves one way or the other. This is due to the fact that the issue of selling periodicals in commissaries has not been brought to them on a formal basis.

Hardcore Problem

A second problem for military retailers is one they share with the civilian world. The sale of adult magazines or men's sophisticated

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"Freebies" — A Threat?

WOMEN'S MAGAZINES — full of recipes, money-saving hints, romance stories and advice columns — are a staple of most civilian retail magazine departments. But the peculiarities of the military lifestyle with its routine considerations such as family separations, frequent moves and isolation mean that the traditional "women's books" don't always speak to the military wife or woman.

There is a wide range of publications created to appeal to the specific concerns of military families. Some of these are of the official genre, installation-level mimeographed handouts, for instance, which feed the need for data about local conditions and services. Others, like *Army*, *Navy* and *Air Force Times*, are the services' equivalent to hometown newspapers, with news and features geared specifically to the military community. And yet another category includes the "freebies" which show up on installations worldwide, many of them slick variations of their civilian counterparts.

Does this range of newspapers and magazines provide a significant challenge to the circulation of civilian magazines? Are sales in exchange magazine departments skewed because of the availability of give-aways or other publications directed toward service personnel?

Discussions by MILITARY MARKET with sources in two commercial civilian-oriented publications indicate that major publishers have little fear of the free military-oriented publications. Both said that they hadn't seen any decline in their sales to the military which could be attributed to competition from give-away magazines. So publications aimed at the military don't appear to pose any significant threat to magazines that are sold through military facilities and which are primarily targeted to a civilian audience.

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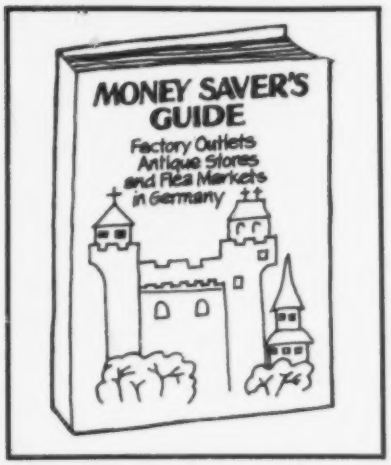

VICKI JOHNS's "Money Saver's Guide" entices overseas readers to venture out of the confines of military bases and housing by providing tips on how to obtain German goods at bargain prices. Johns is currently working on a similar book for product shopping in England.

magazines, as they are often called, is increasingly affected by public opposition to the fleshy ware which has prompted retailers to push it into display obscurity.

Military retailers are bound by the regulations codified in exchange manuals which define the concept of adult-oriented material and determine their sales location. For Navy exchanges, this means that adult magazines can only be sold from behind check-out counters, where they are partially covered by fixtures and also under supervision of clerks in attendance. AAFES stores carry adult magazines at the top of magazine racks and also insure that intimate details remain unseen.

Publishers of men's magazines are less than happy about this development, in particular, since competition forces them into increasingly "less is more" covers to stimulate sales.

Clean-Up-Thy-Act policies "don't help single copy sales," a *Playboy* spokesman said. "The true impulse buyer is lost." The military in particular caused a lot of problems a few years ago, he told MILITARY MARKET, but "finally they have come into the 20th century."

Scoreboard

Yet adult magazine publishers can find solace in the fact that their products are the number one bestseller in the magazine category in European military sales. For domestic sales, market preferences pretty much equal that of the civilian market, one distributor told MILITARY MARKET. In addition, bases vary in composition and preferences, which determine mix and popularity of reading material.

Magazines outsell hardbound and paperback books in dollar volume, with hardbacks occupying a lonely third place in unit sales. Hardcover books also take the back seat in civilian book sales, with mass markets raking in an increasing number of paperback sales.

Leader of the pack in civilian stores are romances and Western stories, hardly the fare more literary dreams are made of. Equally profitable is the sale of bestsellers, especially when tied in with current movie or TV hits.

Potential Customers

While military retailers can profit from such activities and must insure a healthy supply of what is *"de rigeur"* for their particular clientele, the potential of their book and magazine sales is still not exhausted.

There is, hidden in barracks and base housing, in ships and check-out lines, a vast number of military personnel and their families who, oblivious to sales figures of printed paper goods, lead a life of more immediate concerns.

It is this number of men, women and children who spend hours waiting in [illegible]s, who face frequent moves and family separations and who often have hours to kill in a "hurry-up-and-wait" environment who are the potential customers of books.

It is the same group of people who suffer from inflation and insufficient military pay, which reportedly leaves a lot to be desired and little to spend on frivolous entertainment.

They all lead a life which, in short, can stand a little emotional uplift that does not have to come from base psychiatrists, bottles or aromatic smoking material. It can, very simple, come right from the book and stationery department of the nearest exchange.

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BOOK SALES

	1979	Change 1978/9	1978	Change 1977/8	1977
STARS AND STRIPES BOOKSTORES (EUROPE)					
Hardbound	$8,002	+7.9%	$7,104	+11.9%	$6,343
Paperback	$5,916	+4.1%	$5,682	+12.8%	$5,036
Magazines	$13,662	+7.5%	$12,714	+9.6%	$11,597
BOOK SALES (USA)					
Trade	$1,016,100	+4.6%	$971,400	+16.7%	$832,400
Adult Hardbound	$608,300	+3.8%	$586,000	+16.9%	$501,300
Adult Paperback	$222,800	+10.3%	$202,000	+19.6%	$168,900
Juvenile Hardbound	$151,500	+4.3%	$145,000	+6.7%	$136,100
Juvenile Paperback	$33,500	-12.3%	$38,200	+46.2%	$26,100
Mass Market Paperback	$673,000	+10.6%	$609,000	+12.3%	$542,500
Rack-sized	$603,200	+10.8%	$544,300	+11.6%	$487,000
Non-rack-sized	$70,100	+8.4%	$64,700	+18.1%	$54,800

All sales in million (add 000)
SOURCES: Stars And Stripes, Europe; Association of American Publishers Inc.

Books, Magazines, Stationery Goods

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Simplistic? Maybe. But probably not as simplistic as it may sound. Merchandisers, in the business to sell products, know that more often than not they sell abstract notions like beauty and status rather than pots and pans or — for that matter — writing tablets and magazines.

The abstract notions sold by writing materials correspond to that promised by less legal and more lethal stuff: namely, relief from boredom, loneliness and frustration. They do, however, have the advantage of being more readily available, more socially acceptable — and cheaper to boot.

If sellers of books find it hard to translate their ware into stuff dreams are made of, a quick glimpse at activities outside of exchanges may change their minds.

There is, creeping up on base installations with the expressed permission of base commanders, a phenomenon superficially describable as "military freebies", that particular range of base newspapers, official bulletins and giveaway magazines which cater to the very needs and problems of the clientele they address.

It is not difficult for stationery departments to realize what types of needs and problems exist — and how to combat them effectively. The "freebies" have long realized that these issues can be dealt with in an upbeat fashion, and stationery departments may just want to follow the example they set — while at the same time trying to combat the competition they may signify.

Service-Related Strategies

For Navy families, for instance, deployments are a focal point — and it is around these deployments that retailers can market their wares. Ship schedules are usually well known in Navy communities — and around their dates and port of calls the goods can be displayed.

Cruises lend themselves particularly to stationery; atlases for kids to show them places Daddy will go to; inexpensive coffee table or travel books with pictures of overseas ports; albums, scrap books and diaries to keep family stories recorded; greeting cards with loving messages; how-to books for family members financially or emotionally impacted by the cruise; cookbooks describing exotic fare; stories taking place in just those places Daddy or hubby will see; and, last not least, wrapping material for some of the gifts that make a sailor's voyage more enchanting. All these products provide relief from boredom and give the service family a chance to experience the cruise in a positive fashion.

Military moves offer a similar chance to market together a number of related items: Again, books of stories that take place in the new locale; postcards, greeting

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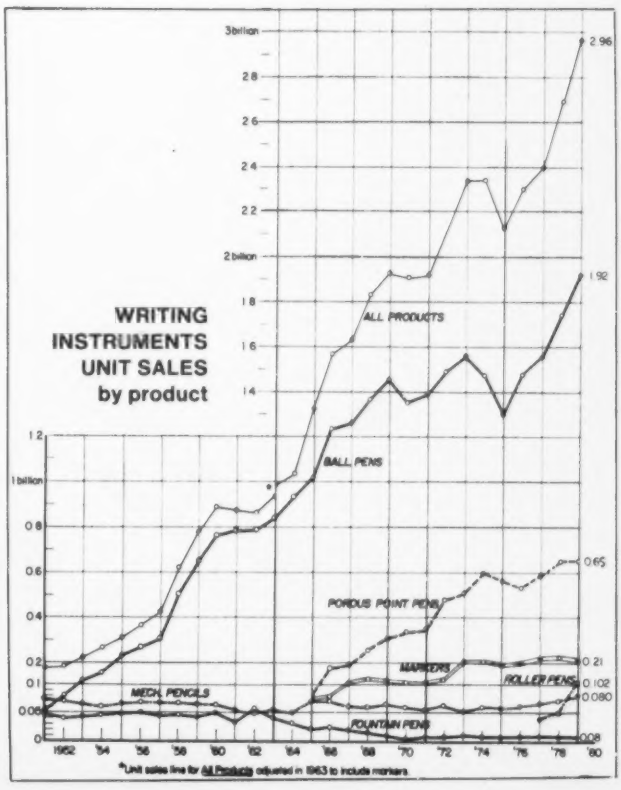

DEMOGRAPHIC PROFILE OF ADULT MAGAZINE BUYERS AND NON-BUYERS

	Heavy Buyers	Moderate Buyers	Light Buyers	Non-Buyers
Male	35%	39%	54%	53%
Female	65	61	46	47
	100%	100%	100%	100%
Age				
18-34	50%	43%	35%	26%
35-49	33	26	23	23
50 & over	17	31	42	51
	100%	100%	100%	100%
Income				
under $10,000	16%	36%	50%	67%
10,000-19,999	57	44	38	25
20,000 & over	27	25	12	8
	100%	100%	100%	100%
Education				
less than high school graduate	17%	21%	40%	59%
completed high school	36	39	39	29
attended/completed college	47	40	21	12
	100%	100%	100%	100%

Source: "How and Why People Buy Magazines" (Port Washington, NY: Publishers Clearing House, 1976).

Books, Magazines, Stationery Goods

(Continued From Page 40)

and change-of-address cards for friends and relatives left behind; dining and touring guides for the new location coupled with atlases and roadmaps; decorating books and magazines for the new quarters; copies of local newspapers and magazines and military lifestyle books.

Ending deployments or unaccompanied tours lend themselves to a host of party goods displays, to balloons for kids to greet the returning family member, to crayons and cardboard to put up welcome signs and to candles to illuminate the homecoming event.

If no deployments or moves are in sight, focus can be put on the long and lonely hours service people spend before or after duty hours. Waits in terminals, waits at hospitals, waits in barracks until the short-timer becomes a civilian again all lend themselves to a concerted marketing effort with heavy emphasis on "making use of one's wasted time."

For those service people stationed overseas and too frightened to venture outside the protective base gates, a host of foreign language books, of books on the host country's culture, cuisine, beauty and travel opportunities and of, possibly, translations of local books may reduce the culture shock and open new possibilities for consumer and seller alike.

Home on the range in ten seconds.
Just add hot water for hearty, home-style soups made with the finest ingredients. Great for a meal or snack; delicious any time.
Nestlé Souptime
10 second soup
Instant
Cream of Chicken Flavor Soup
with other natural flavors
Makes 4

More Hints and Help

Such strategies certainly do not preclude the possibility of cross merchandising certain books and magazines with other exchange goods - fashion magazines in clothing departments, sports magazines in sporting goods departments and comics with toys.

Nor does an approach geared toward the peculiarities of a military life prohibit the possibility of opening "Family Reading Centers," a concept promulgated by publishers, wholesalers and distributors of books and magazines. These centers, areas within a store filled with books, magazines and greeting cards, encourage browsing — and thus buying — outside the regular aisle traffic.

So far, exchanges have not explored that possibility at all. According to Charles Jules of the Periodicals Institute, this organization "would be delighted" to help set up such centers which in one test store have already increased sales by 40 percent.

NAVRESSO cites the lack of sufficient space as the reason for not having investigated such centers for inclusion in exchanges. AAFES declares that "it presently does not have these (centers) nor are there any immediate plans for them."

Space is naturally a problem for exchanges and will most likely always be. Yet, reading centers can vary in size and larger stores may just want to give this reading center concept a try on a small scale.

They, as much as other organizations dedicated to increasing purchases and uses of books, can contribute to bringing the infamous non-reading and non-writing Johnnie closer to books — and make a healthy profit at the same time.

Military Market INDEX

COMMISSARIES

		JUNE			YEAR-TO-DATE		
		CY'80	CY'79	% CHANGE	CY'80	CY'79	% CHANGE
AIR FORCE	CONUS	$108,369	$116,603	-7.1	$684,826	$659,306	+3.9
	OVERSEAS	22,154	22,135	+0.1	139,893	126,671	+10.4
	TOTAL	130,523	138,738	-5.9	824,719	785,977	+4.9
ARMY	CONUS	82,784	89,128	-7.1	516,464	489,668	+5.5
	OVERSEAS	25,272	23,608	+7.0	158,600	145,163	+9.3
	TOTAL	108,056	112,736	-4.2	675,064	634,831	+6.3
NAVY	CONUS	41,437	45,627	-9.2	270,887	263,280	+2.9
	OVERSEAS	5,114	5,209	-1.8	32,950	30,733	+7.2
	TOTAL	46,551	50,836	-8.4	303,837	294,013	+3.3
MARINES	CONUS	8,435	9,064	-6.9	55,809	53,709	+3.9
	OVERSEAS	132	174	-24.1	875	937	-6.6
	TOTAL	8,567	9,238	-7.3	56,684	54,646	+3.7
COAST GUARD	CONUS	453	400	+13.2	2,628	2,563	+2.5
	OVERSEAS	140	88	+59.1	807	687	+17.5
	TOTAL	593	488	+21.5	3,435	3,250	+5.7
ALL COMMISSARIES	CONUS	241,478	260,822	-7.4	1,530,614	1,468,526	+4.2
	OVERSEAS	52,812	51,214	+3.1	333,125	304,191	+9.5
	TOTAL	$294,290	$312,036	-5.7	$1,863,739	$1,772,717	+5.1
GROCERY STORES	U.S.[1]	$17,206 bil.	$16,776 bil.	+2.6	$101,921 bil.	$92,282 bil.	+10.4

EXCHANGES

AAFES	CONUS	$190,222	$168,983	+12.6	$1,040,063	$924,330	+12.5
	OVERSEAS	136,314	115,906	+17.6	777,670	680,322	+14.3
	TOTAL	326,536	284,889	+14.6	1,817,733	1,604,652	+13.3
NAVY	CONUS[2]	81,353	71,683	+13.5	451,390	395,536	+14.1
	OVERSEAS[2]	31,418	28,558	+10.0	179,341	165,087	+8.6
	TOTAL[2]	112,771	100,241	+12.5	630,731	560,623	+12.5
MARINES	CONUS	22,605	20,827	+8.5	129,509	118,110	+9.6
	OVERSEAS	3,366	2,933	+14.8	20,058	17,613	+13.9
	TOTAL	25,971	23,760	+9.3	149,567	135,723	+10.2
COAST GUARD	CONUS[3]	4,825	4,667	+3.4	26,921	26,835	+0.3
	OVERSEAS[3]	608	589	+3.2	3,395	3,385	+0.3
	TOTAL[3]	5,433	5,256	+3.4	30,316	30,220	+0.3
ALL EXCHANGES	CONUS	299,005	266,160	+12.3	1,647,883	1,464,811	+12.5
	OVERSEAS	171,706	147,986	+16.0	980,464	866,407	+13.2
	TOTAL	$470,711	$414,146	+13.7	$2,628,347	$2,331,218	+12.8
DEPARTMENT STORES	U.S.[1]	$7,118 bil.	$7,020 bil.	+1.4	$39,658 bil.	$37,102 bil.	+6.9

Individual figures may not add to totals, due to rounding. All sales are expressed in millions (add 000), except for grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges, and exchange sales include concession volume and mail order sales.

[1] Source: U.S. Department of Commerce.

[2] Does not include sales of ship stores.

[3] MM estimate, based upon official data.

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